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Financial Statistics of the Major Privately Owned Utilities in New York State

ELECTRIC • GAS • TELEPHONE • WATER

1987

New York State Public Service Commission

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PREFACE

This publication contains financial and operating statistics of sixty-six privately owned electric, gas, telephone and water companies for the year ended December 31,1987. The data are reported by type of utility service and the seven combination companies (those providing both electric and gas service) appear more than once. The gas section also includes the statistics for the six companies which distribute and transport gas only.

Consolidated Edison Company of New York, Inc. is the only company which provides steam service in addition to electric and gas service. Statistical data for steam operations is now treated in a separate narrative section of this report.

The companies included in this publication are designated as either Class A or Class B utilities. Electric and gas utilities with annual operating revenues of $2,500,000 or more for each type of service are designated Class A, and those with revenues between $1,000,000 and $2,500,000 are Class B. In 1987, telephone companies designated as Class A had annual operating revenues over $250,000 and Class B companies had annual operating revenues between $100,000 and $250,000. The classifications were revised in 1988, with the adoption of a new Telephone Uniform System of Accounts. The current revenue thresholds are now set at $100 million for Class A designation and below that telephone companies are deemed Class B utilities. Class A water companies have annual operating revenues of $1,000,000 or more; those having at least $700,000 but less than $1,000,000 are Class B.

The narrative portion of this publication presents tables and/or charts summarizing the detailed financial data that follows in the statement section. These charts are accompanied by a brief explanation of the changes which occurred over the past five years. An industry overview is first presented, followed by the composite industry statements. This in turn is followed by the major financial statements.

The various measures of utility returns that are shown may not be the same as those determined in formal cases. Variations may occur because this publication relies solely on data reported by the companies in their Annual Reports to the Commission. The Commission, through its staff, may make adjustments to any or all of the booked amounts shown here.

Please note, some figures may not add due to rounding.

THE ELECTRIC INDUSTRY
HIGHLIGHTS

Ranking

Of the seven combination companies in New York State, Consolidated Edison is the largest by most measures, except by size of its service territory. The Company received over 40% of the total electric revenues in the state and serves over 40% of the state's electric customers. Con Edison also owns over 25% of the net electric plant in service.

Total statewide electric revenues rose to $10.0 billion in 1987, an increase of $545.8 million (or 5.5%) over 1983 levels.

The seven combination companies served 6.7 million customers in 1987, an increase of 300,000 (or 4.5%). The following table ranks the electric companies by their revenue and includes net electric plant and customers and customers served.

Electric Utilities in New York State-1987

Company	Revenue	Net Electric Plant*	Customers
	(Millions)	(Millions)	(Thousands)
Consolidated Edison	$4,198	$6,323	2.859
Niagara Mohawk	2,150	5,169	1,437
Long Island Lighting	1,719	7,886	973
New York State E&G	1,137	3,124	725
Rochester G&E	516	1,193	315
Central Hudson	375	747	238
Orange & Rockland	304	474	173
Total	$10,399	$24,916	6,720

*Cwip has been included.

Residential Customers

On average, residential electric customers consumed 10% more electricity in 1987 than in 1983, yet customers paid about the same price for a Kwh of electricity, 10.7 cents. This combination of increased consumption at stable unit prices means, overall, residential monthly bills were higher in 1987 but, in inflation adjusted terms, ratepayers got more energy for their dollar.

Average bill data shows that, in 1983, residential electric customers consumed 30.8 million Kwhs of electricity and paid about 10.7 cents per Kwh; in 1987, these customers consumed 33.9 million Kwhs at the average unit price of 10.8 cents. Although, overall, residential electric customers enjoyed stable unit prices during this five year period residential customers of individual electric utilities experienced somewhat different price changes. For example, residential customers of Consolidated Edison, Orange and Rockland and Central Hudson saw unit costs of electricity decline by 11.7%, 13.2% and 4.0%, respectively; meanwhile New York State Electric & Gas, Rochester Gas and Electric and Niagara Mohawk residential customers experienced increases of 29.4%, 13.2% and 12.2%. Surprisingly, Long Island Lighting residential customers experienced an increase of 6.1% over the five year period.

Con Edison and O & R were not involved in any significant nuclear generating station construction during the five year interval since both companies currently have sufficient capacity to meet requirements. The avoidance of large construction projects, along with income tax reductions spawned by the Tax Reform Act of 1986, allowed these companies to adopt rate moratoriums which either froze rates at existing levels or, produced rate reductions, a phenomenon not experienced since the 1960's. The revenue requirement effect of Central Hudson's phase-in of its investment in the Nine Mile 2 Nuclear Generating station was almost entirely offset by two events: a dramatic reduction in the price of oil (Central Hudson was 85% dependent upon oil as boiler fuel for generation) and the conversion to coal in 1987 of Units 3 and 4 at the Danskammer Generating Station. NYSE&G, on the other hand, completed construction of a major coal generating plant (Somerset) while finishing its share of Nine Mile 2 during the period.

The table which follows compares the average residential electric bills for these companies.

Residential Average Monthly Bill
1987 and 1983

1987

Electric Monthly Bill	Central Hudson	Consolidated Edison	Long Isl. Lighting	N.Y. State Elec.& Gas	Niagara Mohawk	Orange & Rockland	Rochester Gas & Elec.
Average Bill - Dollars	$57.69	$40.95	$76.51	$62.18	$47.22	$54.44	$52.52
Average Consumption - KWH	562	290	631	631	613	477	578
Average Revenue/KWH(Cents)	10.27	14.13	12.13	9.86	7.70	11.42	9.08

1983

Electric Monthly Bill	Central Hudson	Consolidated Edison	Long Isl. Lighting	N.Y. State Elec.& Gas	Niagara Mohawk	Orange & Rockland	Rochester Gas & Elec.
Average Bill - Dollars	$55.31	$45.41	$67.43	$45.89	$39.24	$62.42	$44.84
Average Consumption - KWH	517	286	590	602	572	474	559
Average Revenue/KWH(Cents)	10.70	15.90	11.43	7.62	6.86	13.16	8.02

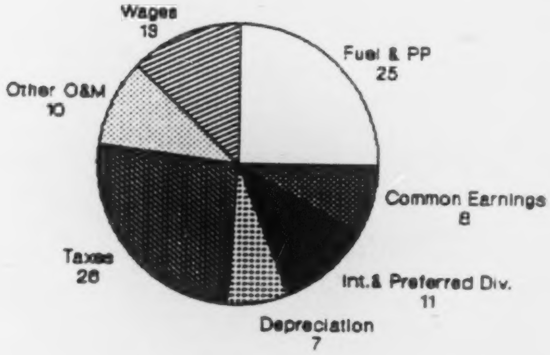
Percent Increase/(Decrease)							
Average Revenue /KWH	(4.0)%	(11.2)%	6.2 %	29.3 %	12.3 %	(13.2)%	13.2 %
Average Consumption - KWH	8.6 %	1.5 %	6.9 %	4.8 %	7.1 %	0.5 %	3.4 %

The Electric Dollar: Sources and Uses

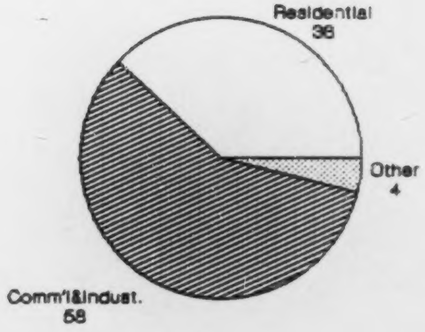
The charts which follow depict the major sources of revenue collected and expenditures made by the combination companies in 1987. The revenue dollar is divided into three major market segments: residential, commercial & industrial and other revenues. Not surprisingly, more than half of the electric utilities revenue comes from larger commercial & industrial customers.

The expenditure dollar is divided into such items as fuel and purchased power, salaries, wages and benefits, other operation and maintenance expenses, taxes, depreciation expense, interest and preferred dividends, and common stock earnings. Fuel and purchased power and taxes were the two largest categories of expenditure in 1987 and they accounted for more than half the total.

Electric Dollar
1987 Sources



Electric Dollar
1987 Expenditures



Electric Revenue and Sales

Electric revenues from ultimate customers increased to $9.6 billion in 1987, a $725.3 million (8.2%) increase over 1983. Electric sales increased in 1987 to 102.8 billion kwh, an increase of 10.3 billion kwh (11.2%) over the same period. The cost per kwh declined 0.3 cents to 9.3 cents in 1987.

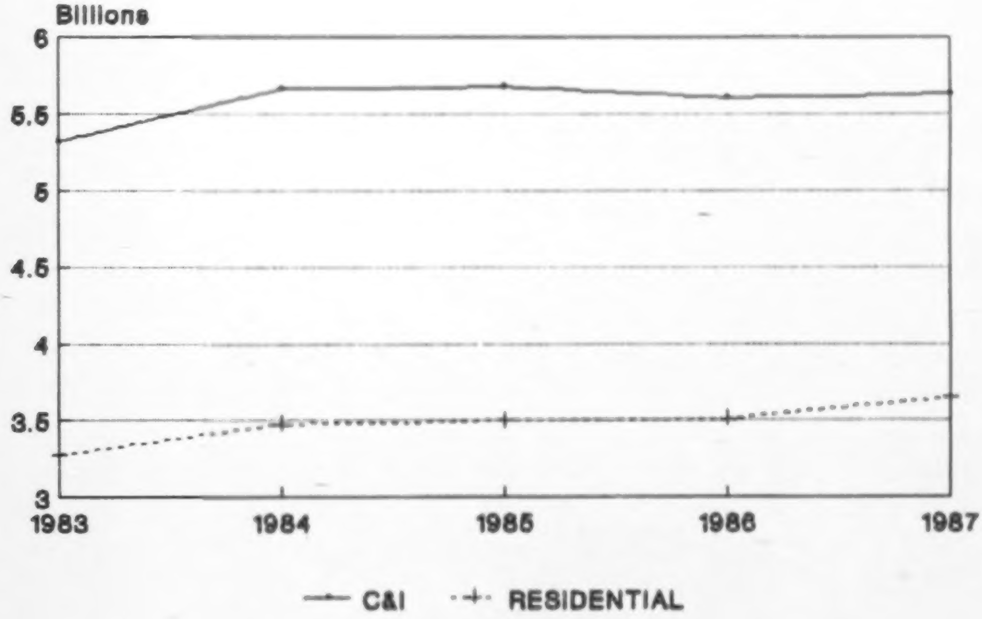
Revenue and Sales to residential customers increased by $375.2 million (11.4%) and 3.1 billion kwh (10.0%) respectively. A comparison of sales and revenue figures for the 1987 - 1983 period shows a increase in price of 0.1 cents per kwh sold (0.9%).

Revenues and sales to commercial & industrial customers increased by $317 million (6.0%) and 6.7 billion Kwh (12.1%) respectively. A comparison of sales and revenue figures for the 1987-1983 period shows a decline in price of 0.5 cents per Kwh sold, a reduction of 5.5%.

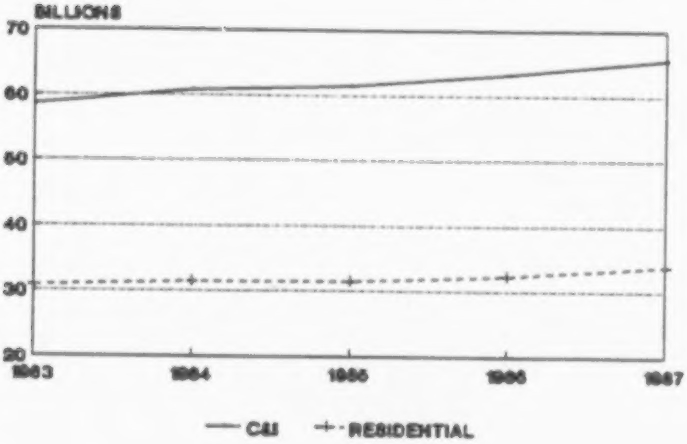
Two charts following graphically display two sources ofrevenue and sales: residential and commercial and industrial for the period 1983 to 1987.

These Charts are followed by a table comparing revenue, Kwh sales and revenue per Kwh for 1987 and 1983.

Electric Revenues



Electric Sales - KWH



Electric Revenues and Sales

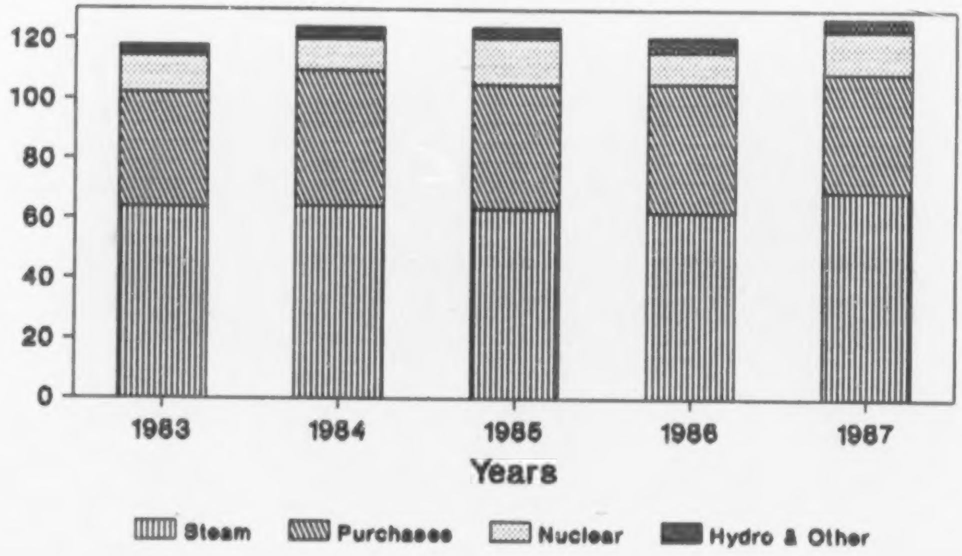
CLASS	1987 ELECTRIC REVENUES (MILLIONS)	1987 KWH SALES (MILLIONS)	1987 REVENUE PER KWH (CENTS)	1983 ELECTRIC REVENUES (MILLIONS)	1983 KWH SALES (MILLIONS)	1983 REVENUE PER KWH (CENTS)
RESIDENTIAL	$3,655.0	33,868.8	10.8	$3,279.8	30,791.6	10.7
COMMERCIAL & INDUSTRIAL	5,633.9	65,568.7	8.6	5,316.5	58,500.4	9.1
PUBLIC STREET & HIGHWAY LIGHTING	88.3	600.6	14.7	81.0	627.2	12.9
OTHER SALES OF ELECTRICITY EXCEPT RESALE SALES	225.7	2,783.4	8.1	200.3	2,579.7	7.8
TOTAL SALES TO ULTIMATE CUSTOMERS	$9,602.9	102,821.5	9.3	$8,877.6	92,498.9	9.6
SALES FOR RESALE	419.0	13,628.2	3.1	698.5	15,014.0	4.7
TOTAL REVENUES FROM ELECTRIC SALES	$10.021.9	116,449.7	8.6	$9,576.1	107,512.9	8.9
OTHER ELECTRIC OPERATING REVENUES	377.0	9.166.7 *	-	277.0	6,732.6 *	-
TOTAL	$10,398.9	125,616.4	8.3	$9,853.1	114,245.5	8.6

*Includes MDA & NYPA sales.

Energy Sources

In 1987, the electric departments of the combination companies furnished 127.15 billion Kwh of electricity. Seventy percent of the energy supplied in 1987 came from the companies own generation and the remainder from purchases. This ratio of generation to purchases is about the same as that in 1983. The sources of generation have remained roughly in the same proportions during the five year span with fossil fuel-steam generation providing about 80%: nuclear generation supplying 15%: hydro generation 4% and other sources 1%.

The chart which follows compares energy sources for the five year period from 1983 to 1987.


Energy Source
Billions of KWH

Net Plant Investment

Net electric plant investment increased by $5.1 billion from 1983 to 1987. The primary additions to plant during this interval were the Shoreham and Nine Mile II nuclear projects: the Lovett and Danskamer coal reconversions, and the Somerset coal plant.

In October 1986, the Commission issued an Opinion which summarized its prudence review and determination on the Nine Mile II project. This Opinion also contained a settlement agreement between the Commission and the co-tenants (Niagara Mohawk, Rochester Gas & Electric, Central Hudson Gas & Electric, New York State Electric & Gas, and Long Island Lighting). The settlement agreement limited the amount of Nine Mile II expenditures which could be recovered by the co-tenants.

In 1987, three of the four Nine Mile II co-tenants adopted the Statement of Financial Accounting Standards No. 90 (SFAS No. 90). SFAS No.90 requires utilities to recognize a loss on their financial statements when it becomes probable that some portion of the costs of a completed plant will be disallowed for rate-making purposes.

Long Island Lighting adopted SFAS No. 90 in January 1988, and is currently reflecting on its books a write-down of its net assets of approximately $1.1 billion, net of tax effects. The write-down relates principally to the disallowed costs of the Shoreham nuclear project. In addition, Lilco is writing-off $198 million of its Nine Mile II investment, net if tax, which was disallowed for ratemaking purposes.

The plant write-offs had a devastating effect on the income of the Nine Mile II co-tenants, and placed four of the five co-tenants in a net loss position for the calendar year 1987. The table following shows the post write-off, net loss and the pre write-off, net income:

These tables follow:

Nine Mile II & Other Write-offs

Net Plant Investment

Nine Mile 2 And Other Plant Write-Offs
Impact On Net Income
For The Year Ended December 31, 1987

Company	Reported Net-Income (Loss)	Net Effect on Income of Write-Offs						Net Income (Loss) Before Write-Off
		Current Portion			Non-Current Portion		Total Post Tax Loss	
		AFC - Reversed	Plant Write-Off	Tax Effect	Plant Write-Off	Tax Effect		
	(a)	(b)	(c)	(d)	(e)	(f)	(g)***	(h)=(a)-(g)
Central Hudson Nine Mile 2	($109,944,420)	$15,878,000	$64,874,000	($12,955,000)	$146,906,000	($45,431,000)	$169,272,000	$59,327,580
New York State E&G							0	
Jamesport			30,007,582	(5,007,582)			25,000,000	
New Haven			1,587,010	(635,000)			952,010	
Nine Mile 2			51,358,680 *	(8,817,017)**	376,630,320	(89,149,844)**	330,022,139	
Total N Y S E&G	(177,737,383)	0	82,953,272	(14,459,599)	376,630,320	(89,149,844)	$355,974,149	$178,236,766
Niagara Mohawk Nine Mile 2	(557,213,659)	25,000,000	268,400,000	(50,400,000)	878,600,000	(263,600,000)	$858,000,000	$300,786,341
Rochester G&E Nine Mile 2	(168,712,230)	22,000,000	56,000,000	(9,000,000)	258,000,000	(65,000,000)	$262,000,000	$93,287,770
Total-Summary								
Nine Mile 2		62,878,000	440,632,680	(81,172,017)	1,660,136,320	(463,180,844)	1,619,294,139	
Other			31,594,592	(5,642,582)	0	0	25,952,010	
Grand Total	($1,013,607,692)	$62,878,000	$472,227,272	($86,814,599)	$1,660,136,320	($463,180,844)	$1,645,246,149	$631,638,457

* Includes ITC Benefit Reversal Of $14,000,000.
** Tax Benefit Reversals From FASB 96 Of $22,000,000 Included ($3,000,000 -Current, $19,000,000 - Non-Current).
***Column (g)= [(b)+(c)+(e)]-[(d)+(f)]

Investment in Net Electric Plant by Company
And The Construction Work in Progress Included
(Millions)

	Net Electric Plant				Contruction Work in Progress*			
			Increase/(Decrease)				Increase/(Decrease)	
Company	1987	1983	Amount	%	1987	1983	Amount	%
Con Ed	$6,323	$5,604	$719	12.8 %	$254	$271	($17)	(6.3)%
Long Island	7,886	5,365	2,520	47.0	6,484	4,005	2,479	61.9
Central Hud.	747	546	202	36.9	314	252	62	24.4
Orange & Rockland	474	320	154	48.3	13	13	0	2.6
Niagara Mohawk	5,169	4,162	1,007	24.2	1,765	1,439	326	22.7
Rochester G & E	3,124	2,746	378	13.8	758	1,461	(703)	(48.1)
N. Y. State E & G	1,193	1,044	149	14.3	496	427	69	16.2
Total	$24,916	$19,787	$5,129	25.9	$10,083	$7,867	$2,216	28.2

* Included in Net Electric Plant.

Capitalization

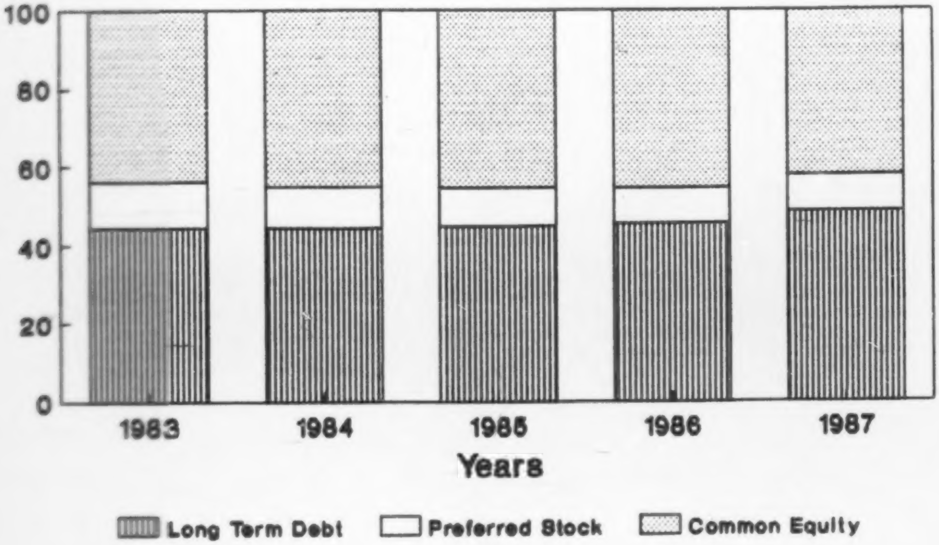
Total capitalization of the combination companies rose during this five year period to $27.2 billion in 1987, an increase of $4.8 billion (or 21.4%) from 1983.

Long-term debt and Common equity increased as a percent of total capitalization during the period, while preferred stock decreased in 1983 to 48.5% in 1987. The largest portion of the increase was in long-term debt - an increase of $3.3 billion (32.6%).

Although Common equity comprised a smaller percentage of the capital structure in 1987 than in 1983 , the amount of equity increased from $9.8 billion to $11.6 billion. Preferred Stock decreased both in dollars and in percent of total capitalization, dropping to $2.5 billion in 1987.

Two tables follow: The first graphically displays the relationship of long-term debt, preferred stock and common equity; the second compares the capital structures of 1987 to 1983.

Capitalization
Percent Distribution



Capitalization
(Millions)

	1987		1983		Increase/(Decrease)	
	Amount	%	Amount	%	Amount	%
Long-Term Debt	$13,191	48.5 %	$9,951	44.5 %	$3,240	32.6 %
Preferred Stock	2,503	9.2	2,622	11.7	(118)	(4.5)
Common Equity	11,516	42.3	9,792	43.8	1,724	17.6
Total	$27,210	100.0 %	$22,364	100.0 %	$4,846	21.7

Earnings Available, Dividends and Payout Ratios

Earnings Available

In 1987, four of the five co-tenants of Nine Mile II nuclear station reported a net operating loss for the year. The four companies, Central Hudson, New York State E & G, Niagara Mohawk and Rochester G&E wrote off more than $1.6 billion as a result of a settlement agreement between the co-tenants and the Commission. The agreement disallowed all construction costs incurred over $5.4 billion. In addition, New York State E & G wrote-off investments in two other proposed generating stations -- Jamesport and New Haven.

The four co-tenants of Nine Mile II each reported per share earnings on their shareholders reports before "write-off" basis. The remaining co-tenant, Long Island Lighting, wrote-off its share of the disallowed Nine Mile 2 investment (18%) in 1988. A table summarizing the write-offs is included below.

Common Dividends

Although five of the seven electric utilities experienced net operating losses in 1987, only Niagara Mohawk paid a lower dividend in 1987 than in 1983. For the fourth straight year, Long Island Lighting failed to declare a dividend on common stock.

Payout Ratio

The write-off of the disallowed portion of the Nine Mile 2 investment is an extraordinary charge, therefore, the payout ratios reflected herein are based on pre-write-off amounts. On this basis, six of the seven combination companies increased payout ratios over the five year period. Lilco paid no dividends in 1987.

The two companies who avoided construction of nuclear production plants during this interval, Consolidated Edison and Orange and Rockland, increased their payout ratios because dividends were growing at a faster pace than earnings. Con Edison's payout ratio increased almost 50%. However, Con Edison's dividend payout growth is misleading because the company had the lowest payout ratio among all New York State electric utilities in 1983 (45%). The remaining four companies increased dividends in the face of decreased earnings. Of these four, Central Hudson's payout ratio exceeded 100 percent in 1987. The rising payout ratio is primarily the product of these four companies maintaining existing dividend payments during a period when the Commission was reducing allowed returns on equity in rate proceedings in response to declining interest rates.

The table following shows; earnings available for common, dividends and payout ratios.

Earnings Available for Common, Dividends and Payout Ratio

Company	Earnings Available for Common		Common Dividends per Share		Payout Ratios	
	1987	1983	1987	1983	1987	1983
Central Hudson	2.66 *	$3.90	2.96	$2.60	111.3	66.7
Con Edison	4.41	4.16	2.96	1.88	67.1	45.2
Lilco	1.73	2.81	0	2.02	0.0	71.9
NYSE&G	3.21 *	3.04	2.64	2.26	82.2	74.3
Niagara Mohawk	1.76 *	2.75	1.64	1.89	93.2	68.7
Orange & Rockland	2.93	2.65	2.20	1.86	75.1	70.2
Rochester Gas & Electric	2.87 *	3.25	2.03	1.84	70.7	56.6

*Before plant write-off.

THE GAS DISTRIBUTION INDUSTRY
HIGHLIGHTS

Ranking

There are thirteen Class A or B gas companies in New York State. Of these, six are exclusively gas distribution companies, and seven constitute the gas departments of the combination companies. The two largest distributors of gas, based on revenues, are both straight gas companies. These two companies, Brooklyn Union Gas Company and National Fuel Gas, account for 41.5% of revenues, 39.7% of net gas plant and 41.5% of the customers. The gas departments of Con Edison and Niagara Mohawk are the largest of the combination companies with 30% of the revenue, 35% of net plant and 34% of the customers.

The following table summarizes revenues, net gas plant and customers for 1987 for each company.

Gas Utilities in New York State-1987

Straight Gas Companies	Revenues (Thousands)	Net Gas Plant* (Thousands)	Customers
Brooklyn Union Gas	$882,143	$772,595	1,087,105
National Fuel Gas Distribution	634,581	514,489	692,465
Columbia Gas Of New York	61,332	35,760	65,720
Corning Gas	26,796	7,077	12,198
St. Lawrence Gas	25,459	7,815	11,092
Syracuse Suburban Gas	12,743	6,090	4,231
Total	$1,643,054	$1,343,826	1,872,811

Combination Gas Companies	Revenues (Thousands)	Net Gas Plant* (Thousands)	Customers
Consolidated Edison	$630,687	$702,877	1,021,992
Niagara Mohawk	453,239	431,682	445,937
Long Island Lighting	391,704	332,125	413,273
Rochester Gas & Electric	216,058	181,149	247,380
New York State Electric & Gas	152,839	118,790	134,626
Orange and Rockland	109,704	84,068	98,169
Central Hudson	54,126	49,864	51,951
Total	$2,008,357	$1,900,555	2,413,328
Totals Combined	$3,651,411	$3,244,381	4,286,139

* Includes CWIP.

Monthly Bills

Compared to 1983, the average monthly bill for all residential gas customers declined by about 14% in 1987, while consumption of gas increased by about 3%. On an individual company basis, customers of St. Lawrence Gas, National Fuel Gas and Orange and Rockland experienced the largest reductions in gas price during the interval with declines of 31.3%, 23.3%, and 21.3% respectively. On a unit cost basis, (i.e. ccf), St. Lawrence Gas had the lowest cost in 1987 at 42.4 cents/ccf, followed by Corning at 43.6 cents/ccf, and National Fuel at 51.1 cents/ccf. Brooklyn union Gas experienced the highest unit cost for gas with a price of 85.2 cents/ccf while Con Edison was second at 80.9 cents/ccf.

The decline in average monthly residential customers bills noted above is primarily due to the steep drop in natural gas prices experienced over the period 1983-1987. The following tables compare the average residential monthly gas bill for the seven combination companies and the six straight gas companies for the period 1983-1987.

Combination Companies
Gas Residential Average Monthly Bill
By Company

	1987 And 1983						
1987 Monthly Bills	Central Hudson	Consolidated Edison	Long Isl. Lighting	N.Y. State Elec.& Gas	Niagara Mohawk	Orange & Rockland	Rochester Gas & Elec.
Average Bill	$50.16	$32.35	$50.22	$61.53	$56.71	$66.88	$52.79
Average Consumption - CCF Or Equiv. Therm.	71	40	70	98	95	118	90
Average Revenue Per CCF Or Equiv. Therm.	0.708	0.809	0.717	0.631	0.597	0.565	0.587
1983 Monthly Bills							
Average Bill	$53.92	$35.96	$50.45	$69.45	$63.59	$86.76	$62.94
Average Consumption - CCF Or Equiv. Therm.	68	38	64	101	95	121	93
Average Revenue Per CCF Or Equiv. Therm.	0.799	0.938	0.786	0.689	0.669	0.718	0.680
% Increase/(Decrease)							
Average Revenue per MCF Or Equiv. Therm.	(11.4)%	(13.8)%	(8.7)%	(8.4)%	(10.8)%	(21.3)%	(13.8)%
Average Consumption - MCF Or Equiv. Therm.	4.9	4.3	9.1	(3.3)	0.0	(2.1)	(2.7)

Straight Gas Companies
Gas Residential Average Monthly Bill
By Company

1987 And 1983

1987 Monthly Bill	Brooklyn Union	Columbia Gas - N.Y.	Corning Natural	National Fuel Gas Dist.	St. Lawrence Gas Co.	Syracuse Suburban
Average Bill - Dollars	$56.81	$54.13	$50.13	$53.23	$49.49	$54.52
Average Consumption - CCF Or Equiv. Therm.	67	101	115	104	117	98
Average Revenue Per CCF Or Equiv. Therm.	0.852	0.537	0.436	0.511	0.424	0.554
1983 Monthly Bill						
Average Bill - Dollars	$59.93	$68.01	$61.18	$71.64	$71.02	$64.31
Average Consumption - CCF Or Equiv. Therm.	65	102	113	108	115	108
Average Revenue Per CCF Or Equiv. Therm.	0.922	0.669	0.540	0.666	0.618	0.598
% Increase/(Decrease)						
Average Revenue per MCF Or Equiv. Therm.	(7.6)%	(19.7)%	(19.2)%	(23.3)%	(31.3)%	(7.3)%
Average Consumption - MCF Or Equiv. Therm.	2.6	(0.8)	1.5	(3.1)	1.4	(8.5)

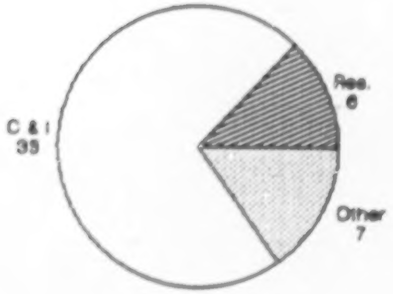
The Revenue Dollar:

The following two charts show the major sources of revenue and distribution of expense for the gas utilities. Chart I depicts the gas revenue and expense dollar for the combination companies, and Chart II displays the same data for the straight gas companies.

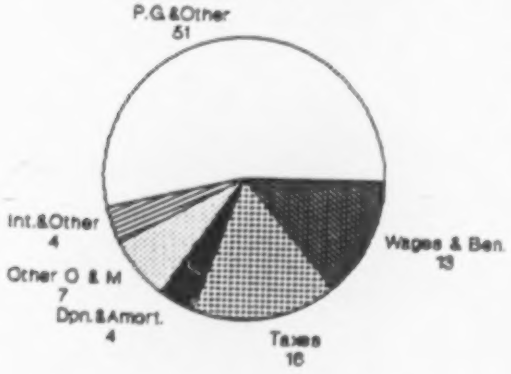
For all companies, Residential customers contributed the largest share of the revenue dollar - 60 cents for combination companies and 72 cents for straight gas companies. Commercial and Industrial customers provided 33 cents and 24 cents of the gas dollar, respectively, for both combination and straight gas companies.

Purchased gas and other supply expenses comprise the largest share of expense, with 51 cents of every dollar spent by combination companies and 52 cents by straight gas companies. These supply expenses have decreased by over 14% from 1983 to 1987 for both types of company.

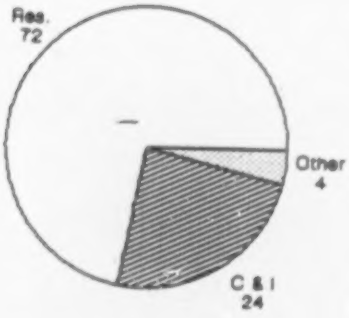
Combination Companies - Dollar
1987 Gas Sources



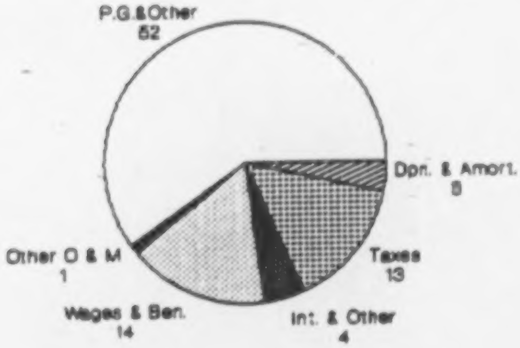
Combination Companies - Dollar
1987 Gas Expenditures



Straight Gas companies - Dollar
1987 Sources



Straight Gas Companies - Dollar
1987 Expenditures



Revenue and Sales

From 1983 - 1987, revenues and gas sales by the local distribution companies (LDC's) decreased 21.5% and 9.6%, respectively. These reductions are displayed on the following graphs. The downward trend in gas revenues is attributable to both the decline in the cost of purchased gas, which has dropped by more than 14%, and lower sales.

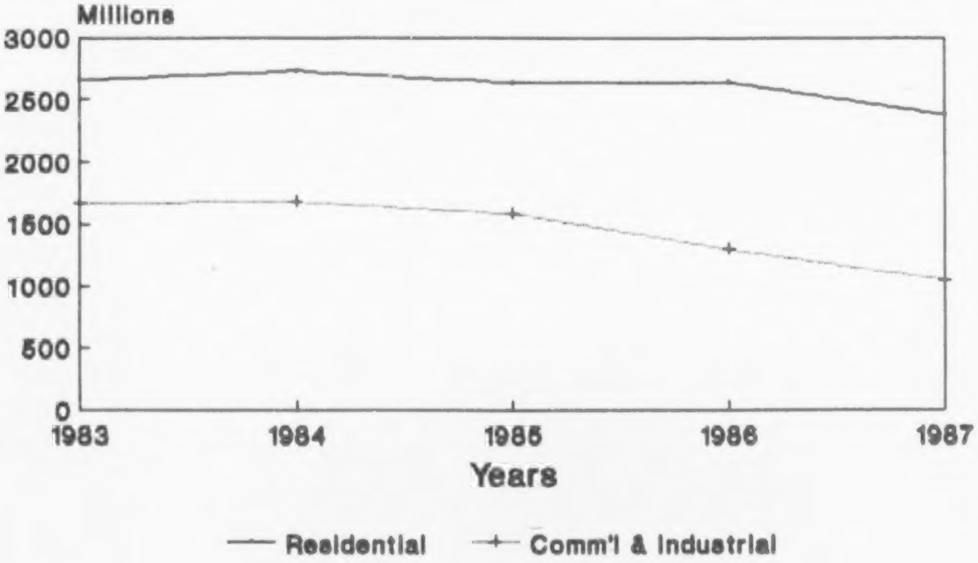
The Commercial and Industrial sector experienced a sharp decrease in the volume of gas sold with 65 million MCF or 23.8% lower sales in 1987. This decline is attributable to the competitive nature of other fuels, as dual fuel customers switched to oil when prices were favorable, weather conditions and a change in sales policy that was recently approved by the FERC. The FERC policy change allows customers to buy gas directly from a supplier and requires the pipeline companies and LDC's to transport the gas to the end user. In 1983, transported gas totaled 4 million MCF and constituted less than 1% of total sales; in 1987, transported gas reached 48 million MCF and almost 8% of total volume sold. While both competition and weather were factors in depressing the total 1987 gas sales, it is not possible to measure their effect with any degree of accuracy.

Table follows comparing gas revenues and sales of 1987 to 1983:

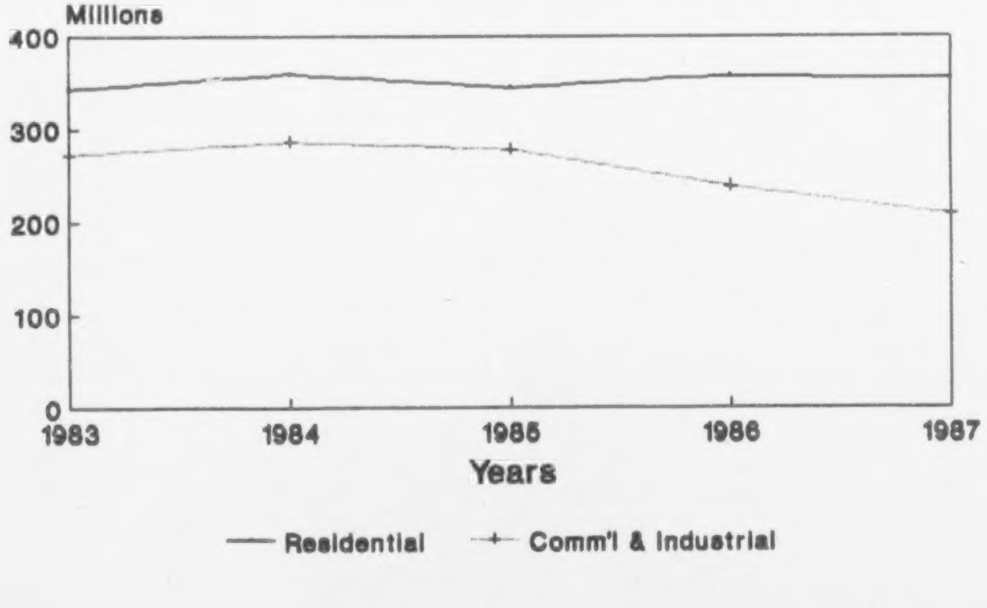
Gas Revenues and Sales

	1987			1983		
Class	Gas Revenues	Mcf Sales	Revenue Per Mcf	Gas Revenues	Mcf Sales	Revenue Per Mcf
	(Millions)	(Millions)	(Dollars)	(Millions)	(Millions)	(Dollars)
Residential	$2,384.2	354.5	$6.73	$2,659.7	342.9	$7.76
Commercial & Industrial	1,050.8	208.3	5.04	1,671.1	273.3	6.11
Other	216.4	43.7	4.95	320.3	54.9	5.83
Total	$3,651.4	606.5	6.02	$4.651.1	671.1	6.93

Gas Revenue
Five Year Trend



Gas Sales - MCF
Five Year Trend



Gas Supply

In 1987, the thirteen natural gas companies within New York State purchased 738.9 million Mcf; the volume of purchases in 1987 was 46.7 million Mcf (5.6%) lower than 1983 levels. Almost 50% of this decline (22.1 million Mcf) is due to the shift from utility purchases for sales to customers to direct purchases by the end user.

Combination Companies
Gas Supply
MCF

			Increase/(Decrease)	
Sources:	1987	1983	Amount	Percent
Natural Gas Purchased	453,250,003	471,770,206	(18,520,203)	(3.9)%
Other Prod. & Purch.	36,458	787,616	(751,158)	(95.4)
Storge, Begin. Bal.				
Natural Gas	280,692	331,608	(50,916)	(15.4)
Liquified Nat. Gas	0	0	0	-
Withdrawn From Storage				
Natural Gas	20,491,561	16,387,887	4,103,674	25.0
Liquified Nat. Gas	121,967	285,783	(163,816)	(57.3)
Other Recpts & Disburs.	0	0	0	-
Total Available	474,180,681	489,563,100	(15,382,419)	(3.1)
Uses:				
Sold To Consumers	318,513,453	349,850,433	(31,336,980)	(9.0)
Delivered To Storage				
Natural Gas	29,338.175	11,310,727	18,027,448	159.4
Liquified Nat. Gas	240,240	266,555	(26,315)	(9.9)
Used By The Gas Dept.	72,060	186,513	(114,453)	(61.4)
Used By Other Dept's.				
Electric	107,292.174	100.043,840	7,248,334	7.2
Other	12,524,542	7,121,475	5,403,067	75.9
Other Disp. or Cr. Adj.	(2,753,124)	2,553,821	(5.306,945)	(207.8)
Lost & Unaccounted For	8,615,207	17,839,995	(9,224,788)	(51.7)
In Storage-End of Year	283.998	190,542	93,456	49.0
Total Used	474,126,725	489,363,901	(15,237,176)	(3.1)
Equivalent Therms	4,881,493,754	5.039,207,869	(157,714,115)	(3.1)
Btu per cf	1,030	1,030	(0)	(0.0)

Straight Gas Companies
Gas Supply
MCF

			Increase/(Decrease)	
Sources:	1987	1983	Amount	Percent
Natural Gas Purchased	285,562,196	313,747,839	(28,185,643)	(9.0)%
Other Prod. & Purch.	1,376	2,247,936	(2,246,560)	(99.9)
Storage, Begin. Bal.				
Natural Gas	34,100	38,490	(4,390)	(11.4)
Liquified Nat. Gas	0	0	0	-
Withdrawn From Storage				
Natural Gas	609,684	174,053	435,631	-
Liquified Nat. Gas	550,321	756,698	(206,377)	(27.3)
Other	22,480.584	384,962	22,095,622	-
Total Available	309,238,261	317.349.978	(8,111,717)	(2.6)
Uses:				
Sold To Consumers	276,077,380	299,520,187	(23,442,807)	(7.8)
Delivered To Storage				
Natural Gas	642,929	474,274	168,655	35.6
Liquified Nat. Gas	609,684	642,098	(32,414)	(5.0)
Used By Gas Dept.	337,562	740,830	(403,268)	(54.4)
Used By Other Dept's.				
Electric	0	0	0	0.0
Other	0	4,321	(4,321)	(100.0)
Other Disp.(or Cr Adj.)	24.467,601	3,520.233	20,947,368	-
Lost & Unaccounted For	7,070,013	12,409,236	(5,339,223)	(43.0)
In Storage-End of Year	34,100	38,800	(4,700)	(12.1)
Total Used	309,238,261	317,349,978	(8,111,717)	(2.6)
Equivalent Therms	3,198,197,462	3,228,003,098	(29,805,636)	(0.9)
Btu per Cf	1,034	1,017	17	1.7

Gross Plant Investment

Gross plant investment by the gas industry was $4.3 billion in 1987, a 27.3% increase over 1983. The increase in plant investment was about 6% annually over the five year period.

The gross plant investment for 1987 and 1983 is shown in the table following:

Gross Plant Investment

	1987		1983		Increase/(Decrease)	
	Millions	%	Millions	%	Millions	%
Combination Companies	$2,587.3	59.4%	$2,083.3	60.9%	$504.0	24.2%
Straight Gas Companies	1,770.5	40.6%	1,340.1	39.1%	430.4	32.1%
Total	$4,357.8	100.0%	$3,423.4	100.0%	$934.4	27.3%

Capitalization

Straight Gas Companies

The capital investment of gas companies in 1987 is $1.3 billion, an increase of $274 million or 27.1% over the five year period. From 1983 to 1987 both plant and fixed capital increased an average of 6% each year.

The components for the years 1983 and 1987 for fixed capital are shown in the table following:

Capitalization

	1987		1983	
	Millions	%	Millions	%
Long-Term Debt	$595.5	46.3 %	$433.5	42.8 %
Preferred Stock	54.1	4.2	80.5	7.9
Common Equity	637.2	49.5	498.6	49.2
Total	$1,286.8	100.0 %	$1,012.6	100.0 %

Earnings Available, Dividends, & Payout Ratios

Straight Gas Companies

Earnings

In 1987, three straight gas companies had an increase in earnings available to common shareholders, while three experienced declines. Of those with an increase in earnings, Syracuse Suburban recorded a dramatic increase of $5.31 per share, a 300% increase. Of those with declining earnings available for common, Columbia Gas of New York, Inc. dropped by $3.36 per share (44%), with $2.27 per share attributable to interest on contingent taxes.

Common Dividends

Five of the six gas companies increased their per share common dividends over 1983 levels. Only Columbia Gas of New York, Inc. paid a smaller dividend in 1987 than in 1983. Of the companies paying higher dividends, Corning Natural Gas Company and National Fuel Gas Distribution Corporation reported smaller earnings in 1987 than 1983.

Payout Ratios

The 1987 payout ratios of all six straight gas companies increased over the 1983 levels.

The table which follows compares the earnings, common dividend and payout ratios of 1983 and 1987 on a per share basis:

Earnings Available for Common, Dividends and Payout Ratio

Company	Earnings Available for Common		Common Dividends per Share		Payout Ratios Percent	
	1987	1983	1987	1983	1987	1983
Brooklyn Union#	2.42	2.21	1.68	1.45	69.4	65.6
Columbia Gas	4.25	7.61	2.15	2.88	50.6	37.8
Corning Gas	2.62	2.66	2.04	1.48	77.9	55.6
National Fuel Gas Co.*	1.76	2.38	1.19	1.12	67.6	47.1
St. Lawrence Gas	2.31	2.10	1.00	0.80	43.3	38.1
Syracuse Suburban	7.97	2.66	4.00	0.00	50.2	0.0

#1983 Amounts were adjusted for stock split(two for one) on March 6,1986.

*Figures represent National Fuel Gas Company and Subsidiaries. The 1983 amounts were adjusted for a two for one stock split in 1984 and for a three for two split in 1987.

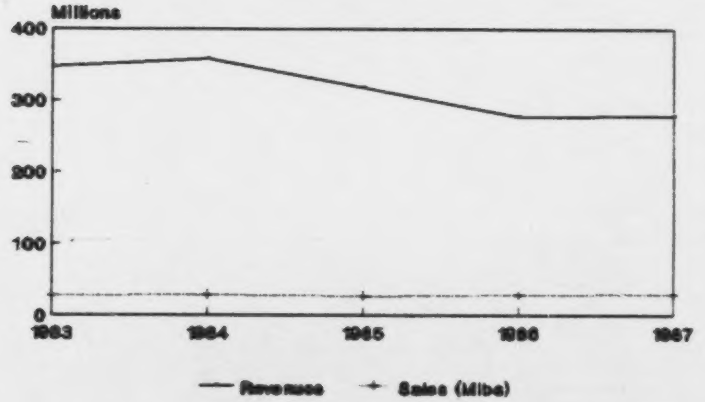
THE STEAM INDUSTRY
HIGHLIGHTS

After Rochester Gas and Electric abandoned its steam operation in December 1985, Consolidated Edison Company of New York, Inc. became the sole large supplier of steam service in New York State. Because revenues are closely tied to the cost of fuel and fuel prices declined sharply during the period,Con Edison saw revenues decline from $347 Million in 1983 to $278 Million in 1987 (a decrease of almost 20.0%). Conversely, the sales of steam (stated in thousand pounds or M lbs) rose slightly from 27 Million in 1983 to 29 Million in 1987 (an increase of 7%) Declining prices resulted in increased profit margins and the company's Return On Net Plant increased from 8.9% to 10.3% in this period.

The Tables following show:

1. Five Year Trend in Revenue and Sales
2. Revenues, Sales & Average Cost Per M lbs For 1987 & 1983
3. Net Operating Revenue, Net Plant & Return on Net Plant For1987 & 1983

Steam Revenues and Sales
1987 and 1983



Steam Revenues and Sales
Consolidated Edison Company of N.Y.

Years	Revenues	Sales Mlbs	Averg. Cost Per Mlbs
1987	$278,030,404	28,984,131	$9.59
1983	347,237,414	27.164,212	12.78

Steam Return on Net Plant
1987 And 1983

Years	Net Operating Revenue	Average Net Plant & Working Capital Net Plant	Return on Net Plant
1987	$25,023.207	$241.181,519	10.4 %
1983	19,489,757	218.128,240	8.9

THE TELEPHONE INDUSTRY
HIGHLIGHTS

Ranking

The telephone industry in New York State consists of 40 local exchange companies (LECs) and 18 interexchange carriers including AT&T of N.Y. Of the LECs New York Telephone and Rochester Telephone dominate the industry with 94.3% of the revenues, and 95.4% of the access lines.

AT&T Communications of New York (ATTCOM) is the dominant interexchange carrier with $1.93 Billion in revenues. ATTCOM provides interstate and interlata toll service for connecting companies and, therefore, it has no access lines. ATTCOM's competitors, the other common carriers (OCCs) are not required to file financial or statistical data with the Commission at this time. However, an annual report for the OCCs is being considered by the Commission and, if adopted, will commence with 1988 data.

The table following ranks the ten largest telephone companies by revenue, net plant and access lines for 1987.

Telephone Utilities in New York State-1987

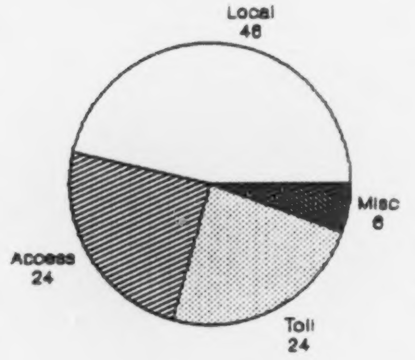
Name	Revenue	Net Telephone Plant	Access Lines
	(Millions)	(Millions)	(Thousands)
New York Telephone	$7,278	$11,690	9,227
ATTCom	1,933	731	-
Rochester Telephone	241	453	419
Continental Tel. - N.Y.	153	288	226
ALLTEL - New York	40	85	80
Highland Telephone	28	58	45
Taconic Telephone	11	20	19
Warwick Valley Tel.	8	13	16
Ogden Telephone	6	15	16
Sylvan Lake Tel.	6	15	12
Other Thirty-One	64	117	104
Total	$9.768	$13.485	10,165

The Telephone Dollar

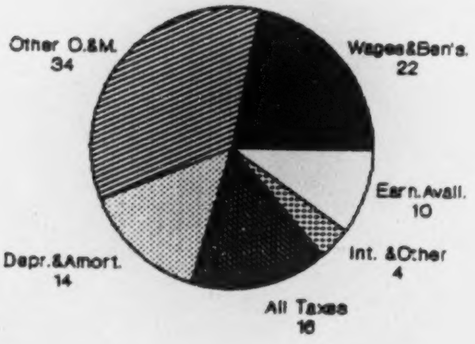
Since 1985, the telephone revenue dollar has been divided into three categories; local revenues, toll revenues and access line revenues. The 1987 expenditure dollar has more subdivisions of operation and maintenance cost than the 1986 dollar, with wages and benefits broken out as a separate item.

The sources of the telephone revenue dollar and its major uses are depicted on the charts following:

Telephone Dollar
1987 Sources



Telephone Dollar
1987 Expenditures



Telephone Revenue

Over the past five years, total telephone operating revenues grew by $2.3 billion (or 30%) from the $7.5 billion level experienced in 1983. Conversely, toll revenues appear to have decreased by $741 million (or 24%) during this same five year period.

The apparent reduction in toll revenues is actually a reclassification of revenues once classified as toll in 1983. Specifically, access line revenues were once part of toll revenues before the divestiture of AT&T from its operating companies in 1984. Moreover, comparing 1987 company data with pre-divestiture operating activities, i.e. 1983, will yield distorting results because certain operations such as the provision of Customer Premises Equipment were spun-off to unregulated subsidiaries of AT&T. Accordingly, such revenues show up in 1983 as local service revenues but are absent in 1987's data.

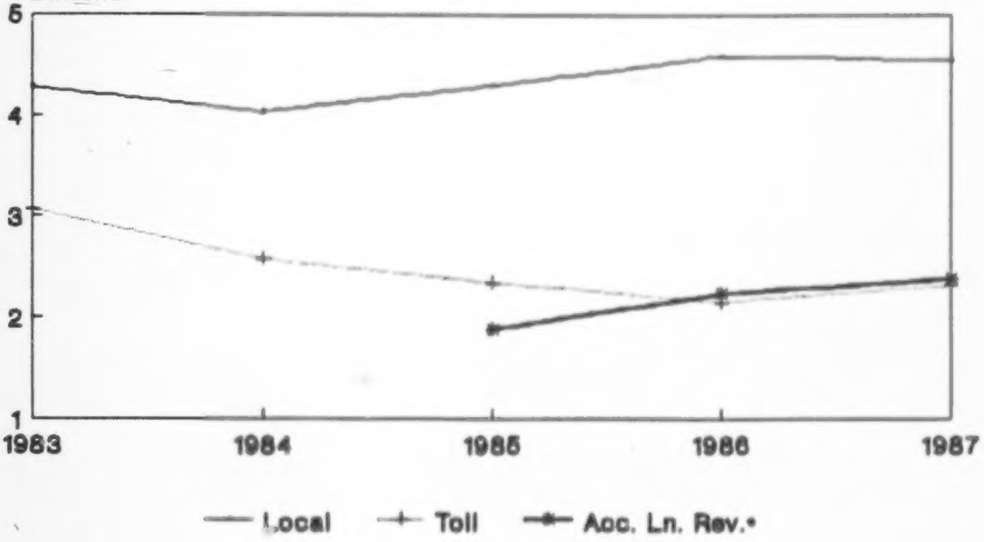
The decline in toll revenues is also attributable to reductions in toll rates brought about by the FCC's policy of increasing cost allocations to local exchange services so as to have such services bear their full cost. This federal policy, divestiture, reclassification of access revenues and the loss of toll revenues to other interexchange companies, comprise the causes for the apparent reduction in toll revenues.

Telephone revenues by source for 1987 and 1983 are shown in the Table and in the Line Charts that follow:

Telephone Revenues

	1987		1983		Increase/Decrease	
Source	(Million)	% Of Total	(Million)	% Of Total	(Millions)	Percent
Local Service	$4,557	46.7 %	$4,287	57.1 %	$270	6.3
Access Revenue	2,395	24.5	0	0.0	2,395	-
Toll Service	2,331	23.9	3,072	40.9	(741)	(24.1)
Miscellaneous	485	5.0	152	2.0	333	219.1
Total	$9,768	100.0 %	$7,511	100.0	$2,257	30.0

Five Year Comparison
Operating Revenue Components



*1985 was first year.

Access Lines

Although Access Lines have been used as a standard for measuring various telecommunications activities since 1983, access line revenues have been reported as a specific revenue item only since 1985.

The number of average access lines increased by 11% to 10.2 million in 1987 from the 9.2 million reported in 1983. Although this increase is part of the reason for the growth in total operating revenues, for the larger companies: New York Telephone, Rochester Telephone Corporation, Continental Telephone Company of N.Y., Inc. and ALLTEL New York, Inc., revenues per average access line decreased over this same period. Again, this anomaly is the result of comparing post-divestiture figures with pre-divestiture and other pre-deregulation results. The 1983 data for Continental Telephone N.Y. may be distorting when comparing to 1987 information. This occurs because 1983 was the first year of operation for the restructured Continental Telephone which was formed from several New York affiliates.

The Table and Chart following provide:

Table: A comparison of the Average AccessLines, Total Operating Revenues and Revenues PerAverage Access Lines for the five largestcompanies.

Chart: A comparison from 1987 to 1983 of Access Lines to the Total Operating Revenues.

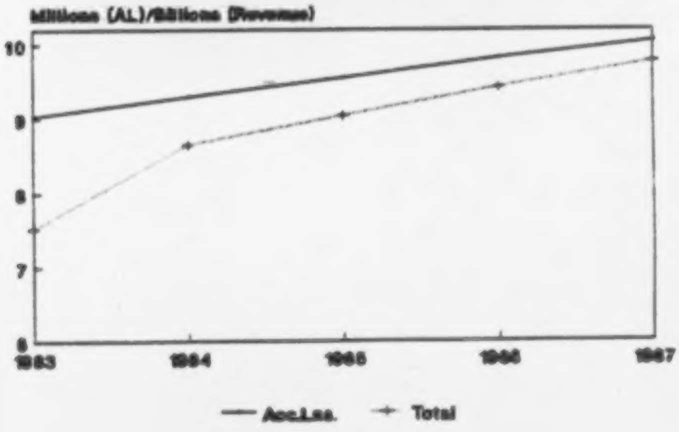
Revenues Per Average Access Line

Companies*	Average Access Lines		Total Operating Revenues		Revenues Per Average Access Line	
	1987	1983	1987	1983	1987	1983
	(Thousands)		(Millions)		(Dollars)	
New York Telephone	9,107	8,284	$7,278	$7,052	$799	$851
Rochester Telephone	417	388	241	213	577	550
Continental Tel.N.Y.**	222	99	153	117	690	1,173
ALLTEL New York,INC.	79	71	40	37	510	521
Other 36 Companies	213	187	123	92	578	490
Total	10,039	9,029	$7,835	$7,511	781	832

*AT&T Communications Of New York,Inc. does not provide Local Service and is not included in this table.

**Formed from several New York affiliates at the start of 1983.

Five Year Comparison
Total Operating Revenue To Access Lines



Capitalization

To finance the additions and improvements of a modern telephone system, the industry has increased its total permanent capitalization by $838 million(or 8%) since 1983 .

This nominal amount of growth is deceiving, however. Because of the AT&T divestiture in 1984, some telephone operations were spun-off to non-regulated subsidiaries. As a result, the capitalization of the telephone industry dropped by $364.2 million from 1983 to 1984. Accordingly, with this adjustment the industry's capitalization actually grew by over $1 billion during the period. Even this measure is not reflective of the true extent of modernization taking place in the industry today. The growth in capital is not a true indicator of telecommunications plant growth because the industry finances a considerable amount of it plant additions through internally generated funds.

A comparison of the industry's capitalization for 1983 and 1987 is shown in the Table following:

Capitalization

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A comparison of the industry's capitalization for 1983 and 1987 is shown in the Table following:

Capitalization

	1987		1983		Increase / (Decrease)	
	(Millions)	Percent	(Millions)	Percent	Amount	Percent
Long-Term Debt	$4,683.4	41.4 %	$4,518.3	43.2 %	$165.1	3.7 %
Preferred Stock	30.6	0.3	32.8	0.3	(2.2)	(6.7)
Common Equity	6,590.9	58.3	5,915.6	56.5	675.3	11.4
Total	$11,304.9	100.0 %	$10,466.7	100.0 %	838.2	8.0

Earnings Available for Common, Common Dividends and Pay out Ratios

Although the 1987 Earnings Available figure of $1 billion reflects a substantial increase of $347 million (or 50%) over the 1983 level, the 1987 level is below the 1986 amount by $23 million. Only one company of the five largest had higher earnings in 1987 than in both 1983 and 1986, Continental Telephone Company of N.Y., Inc. Again, these figures are not comparable for NY Telephone and AT&T Communications because of divestiture. Moreover, to a lesser degree, other deregulation legislation, such as the deregulation of new customer premises equipment in 1983, make comparisons of 1987 data to 1983 distortive.

In both 1986 and 1987, AT&T Communications paid out more than the amount of its annual earnings. In 1987, ATTCOM paid out almost $1.90 for every dollar of net income.

The Earnings Available for Common, Common Dividends and Payout Ratios are shown for the five largest telephone companies for the years 1983 and 1987 in the Table following:

Earnings Available, Dividends and Payout Ratios

Companies	Earnings Available		Common Dividends		Payout Ratios	
	1987	1983	1987	1983	1987	1983
	(Thousands)		(Thousands)			
New York Telephone	$885,556	$635,888	$648,636	$625,540	73.2 %	98.4 %
AT&T Communications	70,537	0	133,873	0	189.8	-
Rochester Telephone	39,869	31,550	29,002	22,297	72.7	70.7
Continental Tel-N.Y.	19,090	11,062	14,100	11,000	73.9	99.4
ALLTEL New York, INC.	4,724	2,681	3,923	1,726	83.0	64.4
Other 36 Companies	17,076	8,563	6,031	3,212	35.3	37.5
Total	$1,036,852	$689,744	$835,565	$663,775	80.6	96.2

Note: Not prepared on a per-share basis because 3 of the 5 companies are subsidiaries of holding companies and have only one share of Common Stock outstanding which make such comparisons meaningless.

Accounting and Reporting Changes

As of January 1, 1988, the jurisdictional telephone companies were required to adopt a completely revised Uniform System of Accounts (USOA) issued by the Commission for financial accounting and reporting purposes. The new USOA, which replaces a system that has been in effect almost 50 years, is designed to satisfy our regulatory and other new information needs in the changing competitive telephone environment.

Some of the features of the new USOA include: new account structures used for the balance sheet and income statement; new accounting rules to accommodate generally accepted accounting principles used by competitive entities; and special rules to separate the accounting for regulated and non-regulated activities that are being offered on an integrated basis.

As a result of the above changes, the old accounting system is not compatible with the new accounts and rules prescribed in the revised USOA. Therefore, 1987 is the last reporting year that the present format can be used. Starting with the reporting year 1988, we will present telephone financial data using the new USOA accounts, without any comparison to 1987, and previous years data.

THE WATER INDUSTRY
HIGHLIGHTS

Ranking

There are twelve Class A & B water companies in the state of New York with annual operating revenues of $700,000 or more. Based on revenues, Jamaica Water Supply Company is the largest privately owned water company in the state with about 33% of the industry's revenues and customers. Spring Valley Water has the largest investment in net plant in New York State at $86.8 million. In 1987, the Class A & B water utilities received $142 million in water revenues on a net plant investment of $270 million.

The table which follows ranks the water companies by revenue and shows net plant in service and number of customers for 1987.

Water Utilities In New York State-1987

Name	Revenue (Thousands)	Net Plant (Thousands)	Customers (Each)	Average Plant Per Customer
Jamaica Water Supply	$46,249	$72,645	118,612	$612
Spring Valley Water	31,284	86,805	54,594	1,590
Long Island Water	23,764	33,294	72,975	456
New York Water Service	13,071	24,496	43,686	561
New Rochelle Water	12,488	24,258	29,617	819
New York-American	6,157	8,521	11,155	764
Citizens Water-Supply	3,841	5,151	7,733	666
Sea Cliff Water	1,216	2,235	4,465	501
Wanakah Water	1,163	1,959	3,584	546
Country Knolls Water	1,071	2,446	4,853	504
Shorewood Water	984	6,870	4,564	1,505
Owego Water Works	740	1,466	1,476	993
TOTAL	$142,027	$270,145	357,314	756

Customer Bills

Over the past five years, metered water revenues and sales increased substantially from $83.5 million on 42.6 billion gallons of water sold in 1983, to $121.2 million and 51.9 billion gallons in 1987.These figures represent increases of 45% and 22%, respectively.

The quarterly bill for metered customers in 1987 ranged from a low of $53.42 for 21.4 thousand gallons for the customers of Country Knolls Water, to a high of $125.03 for the 35.4 thousand gallons used by the customers of Spring Valley Water. The quarterly water bill was greater in 1987 than in 1983 for the customers of all twelve water companies included in this study.

The average usage per customer decreased for all companies, except New York Water Service. Jamaica Water and Owego Water had the largest decrease with 36.3% and 18.5%, respectively. For Jamaica, this reduction is attributable to its extensive metering program, whereby flat rate customers are being converted to meters. For all others, customer usage declined primarily in response to the significant increase in the cost of water per thousand gallons.

The table which follows compares the quarterly bill, averagequarterly use and the cost per thousand gallons of water forthe 12 largest water entities in 1987 to 1983.

Average Customer Quarterly Bill Data
Metered General Customers
Per Customer, Per Quarter

1987	Citizens Water	Country Knolls	Jamaica Water	Long Isl. Water	New Rochelle	New York-American
Quarterly Bill	$114.36	$53.42	$83.42	$75.68	$95.35	$124.71
Quarterly Use-Thousand gallons	46.39	21.36	44.12	33.43	49.30	37.67
Average Per Thousand gal. Sold	$2.46	$2.50	$1.89	$2.26	$1.93	$3.31
1983						
Quarterly Bill	$100.88	$47.82	$82.16	$66.45	$90.81	$106.66
Quarterly Use-Thousand gallons	48.80	20.19	69.23	33.39	52.41	37.76
Average Per Thousand gal. Sold	$2.07	$2.37	$1.19	$1.99	$1.73	$2.82
Increase/(Decrease) - %						
Quarterly Use-Thousand gallons	(4.9)%	5.8 %	(36.3)%	0.1 %	(5.9)%	(0.2)%
Average Per Thousand gal. Sold	19.2	5.6	59.3	13.7	11.6	17.2

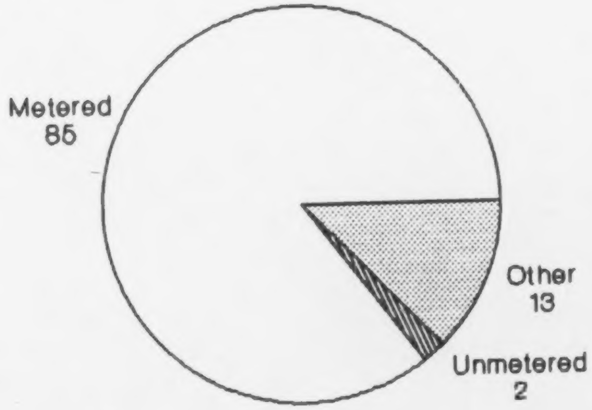
1987	New York Water Svc	Owego Water	Sea Cliff Water	Shorewood Water	Spring Valley	Wanakah Water
Quarterly Bill	$69.18	$112.89	$63.85	$48.10	$125.03	$71.20
Quarterly Use-Thousand gallons	28.83	68.98	24.27	23.67	35.38	18.72
Average Per Thousand gal. Sold	$2.40	$1.64	$2.63	$2.03	$3.53	$3.80
1983						
Quarterly Bill	$53.86	$102.97	$47.84	$33.46	$108.80	$59.94
Quarterly Use-Thousand gallons	27.86	85.91	24.66	31.80	36.22	19.36
Average Per Thousand gal. Sold	$1.93	$1.20	$1.94	$1.05	$3.00	$3.10

The Water Dollar

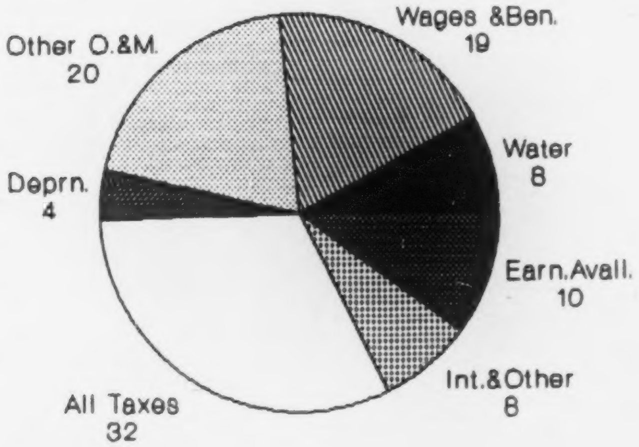
The charts following depict the major sources of water revenues and the distribution of the sales dollar to pay operating expenses and for earnings. These charts show that the amount of revenues from sales to unmetered customers decreased from 1986 levels. This resulted primarily from Jamaica Water's company-wide metering program, which reported over 12,000 conversions of unmetered customers to meters in 1987. As of December 1987, Jamaica had only 11,000 unmetered customers.

The source chart divides the revenue dollar into the following sections: metered sales, unmetered sales and other. The distribution chart depicts the use of revenue dollar by type of operating cost, e.g., operation and maintenance, depreciation expense and taxes.

Water Dollar
1987 Sources



Water Dollar
1987 Expenditures



Revenues and Sales

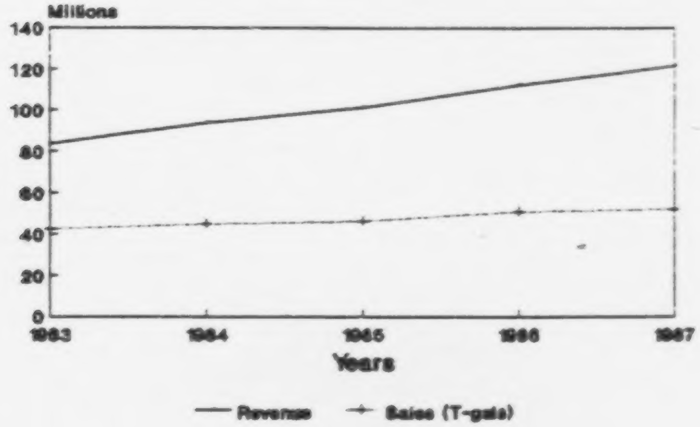
Water revenues from sales to metered customers increased by $37.6 million (45.1%) from 1983 to 1987, while revenues from sales to unmetered water customers declined by $14.0 million (84.1%). This change is primarily due to the metering program at Jamaica Water Company.

The following table compares revenues by category of sales for 1987 and 1983.

During the 1983-1987 period, the cost of metered water increased by 38 cents per thousand gallons. Total water consumption declined during this period from 58 million gallons to 54 million gallons.

The table which follows shows the cost per thousand gallons sold for metered and unmetered customers.

Metered Sales - 5 Year Trend
Revenue to Sales (T-gals)



Water Revenues

	1987		1983	
	Thousands	% Total	Thousands	% Total
Metered Sales	$121,196	85.3 %	$83,548	73.6 %
Unmetered Sales	2,650	1.9	16,690	14.7
Other Water Revenues	18,192	12.8	13,254	11.7
Total	$142,038	100.0 %	$113,492	100.0 %

Cost Per Thousand Gallons of Water

	1987			1983		
	Revenue	Gallons	Cost Per 1,000 Gallons	Revenue	Gallons	Cost Per 1,000 Gallons
	(Thousands)	(Millions)	(Dollars)	(Thousands)	(Millions)	(Dollars)
METERED SALES	$121,196	51,862	$2.34	$83,548	42,614	$1.96
UNMETERED SALES	2,650	2,400	1.10	16,690	15,427	1.08

Capitalization

The total capitalization of the water industry increased by $52 million or almost 25% during the 1983-1987 period. The common equity position of the industry strengthened considerably during the period with an increase of $40 million (a 34.% increase); long-term debt increased by almost $9.7 million; however, its relative proportion of the total capitalization declined from 38% in 1983 to 34% in 1987.

The table which follows summarizes the capitalization of the water industry by components for 1983 and 1987:

Capitalization

	1987		1983		Increase / (Decrease)	
	Amount (Millions)	% of Total	Amount (Millions)	% of Total	Amount (Millions)	Percent
Long-term Debt	$89.6	34.2 %	$79.9	38.0 %	$9.70	12.1 %
Preferred Stock	14.9	5.7	12.5	6.0	2.40	19.2
Common Equity	157.4	60.1	117.6	56.0	39.80	33.8
Total	$261.9	100.0 %	$210.0	100.0 %	$51.90	24.7

Earnings Available, Dividends and Payout Ratios

Earnings available to the common shareholders of the twelve water companies included in this study increased by $1.4 million (11%) during the five year period from 1983 to 1987. During the same period, dividends declared increased by 62.1%. The increase in the composite payout ratio was primarily due to Jamaica Water's resumption of dividends on its common stock in 1987; Jamica did not pay dividends on common stock in 1983.

The table which follows shows earnings available for common dividends, common dividends declared, and the payout ratio for the three largest companies and the other nine.

Earnings Available, Dividends and Payout Ratios

Companies	Earnings Available		Common Dividends		Payout Ratios	
	1987	1983	1987	1983	1987	1983
	(Thousands)		(Thousands)			
Spring Valley Water	$4,899	$3,118	$3,235	$2,322	66.0 %	74.5 %
Jamaica Water Supply	4,129	2,337	1,424	0	34.5	0.0
Long Island Water	1,522	2,234	1,303	1,901	85.6	85.1
Other 9 Companies	4,007	5,431	1,008	77	25.2	1.4
Total	$14,557	$13,120	$6,970	$4,300	47.9	32.8

AVERAGE ANNUAL BILL TABLES

ELECTRIC SERVICE COMPANIES

GAS SERVICE COMPANIES

COMBINATION

STRAIGHT GAS

WATER SERVICE COMPANIES

Average Annual Bills

This section summarizes, by industry, the average annual bills from the Electric, Gas and Water Utility financial statements that follow in this report. These figures are mathematical averages calculated from reported revenues and usage and are not derived directly from customers' bills.

Average Annual Bill Data
Electric Service Companies
1987

Company	Average Number Of Customers	Sales Revenues	Kilowatt-Hours Sold	Average Annual Bill Per Customer	Average Usage Per Customer	Average Revenue Per KWH Sold
	(Thousands)	(Millions)	(Millions)		(000 KWH)	(Cents)
			Total			
Central Hudson	238	$373	4,886	1,567	20.5	7.63
Consolidated Edison	2,859	3,904	42,491	1,366	14.9	9.19
Long Island	973	1,701	15,529	1,749	16.0	10.95
New York State E&G	725	1,139	16,472	1,571	22.7	6.92
Niagara Mohawk	1,437	2,096	35,059	1,459	24.4	5.98
Orange & Rockland	173	297	4,183	1,718	24.2	7.09
Rochester G&E	315	512	6,996	1,627	22.2	7.32
Composite	6,719	$10,022	125,616	1,492	18.7	7.98
			Residential			
Central Hudson	207	$143	1,394	692	6.7	10.27
Consolidated Edison	2,476	1,216	8,609	491	3.5	14.13
Long Island	872	801	6,603	918	7.6	12.13
New York State E&G	648	484	4,905	746	7.6	9.86
Niagara-Mohawk	1,294	734	9,521	567	7.4	7.70
Orange & Rockland	152	99	867	653	5.7	11.42
Rochester G&E	284	179	1,970	630	6.9	9.08
Composite	5,933	$3,656	33,869	616	5.7	10.79
			Commercial and Industrial			
Central Hudson	28	$188	2,669	6,718	95.1	7.06
Consolidated Edison	382	2,561	22,499	6,708	58.9	11.38
Long Island	96	850	8,004	8,862	83.5	10.61
New York State E&G	67	435	5,900	6,473	87.8	7.38
Niagara Mohawk	139	1,212	21,434	8,707	154.0	5.65
Orange & Rockland	21	123	1,547	5,959	74.9	7.96
Rochester G&E	29	265	3,515	9,259	123.0	7.53
Composite	761	$5,634	65,569	7,400	86.1	8.59
			Sales for Resale			
	(Units)					
Central Hudson	4	$16	531			2.99
Consolidated Edison	4	77	2,016			3.81
Long Island	4	12	241			4.96
New York State E&G	9	109	4,295			2.55
Niagara Mohawk	151	111	3,874			2.86
Orange & Rockland	7	68	1,623			4.17
Rochester G&E	8	26	1.048			2.50
			All Other Sales			
Central Hudson	2,886	$25	292			8.60
Consolidated Edison	1,661	50	9,367			0.53
Long Island	4,386	38	681			5.63
New York State E&G	9.889	111	1,372			8.08
Niagara Mohawk	3,145	40	231			17.48
Orange & Rockland	397	7	146			4.63
Rochester G&E	2,295	42	463			9.12

Average Annual Bill Data
Combination Gas Companies
1987

Company	Average Number Customers	Sales Revenues	Mcf Sold	Average Annual Bill Per Customer	Average Usage Per Customer	Average Revenue Per Mcf Sold
	(Thousands)	(Millions)	(Thousands)		(Mcf)	
			Total			
Central Hudson	52	$53	9,085	$1,025	174.9	$5.86
Consolidated Edison	1,022	621	94,009	608	92.0	6.61
Long Island	413	385	66,059	931	159.8	5.82
New York State E&G	135	149	25,554	1,109	189.8	5.84
Niagara Mohawk	446	440	79,105	986	177.4	5.56
Orange & Rockland	98	107	19,856	1,093	202.3	5.40
Rochester G&E	247	208	36,738	841	148.5	5.66
Composite	2,413	$1,963	330,405	$814	136.9	$5.94
			Residential			
Central Hudson	46	$28	3,948	$602	85.2	$7.06
Consolidated Edison	932	362	45,023	388	48.3	8.04
Long Island Lighting	377	227	31,811	603	84.4	7.14
New York State E&G	115	85	13,537	738	117.3	6.30
Niagara Mohawk	412	280	46,746	681	113.6	5.99
Orange & Rockland	90	72	12,781	803	142.3	5.64
Rochester G&E	229	145	24,769	634	108.2	5.85
Composite	2,201	$1,199	178,615	$545	81.1	$6.71
			Commercial and Industrial			
Central Hudson	5	$21	4,228	4,082	813.8	$5.02
Consolidated Edison	88	230	43,005	2,609	488.1	5.34
Long Island Lighting	36	116	20,228	3,191	557.1	5.73
New York State E&G	18	51	9,583	2,858	532.7	5.37
Niagara Mohawk	34	151	29,924	4,390	870.7	5.04
Orange & Rockland	8	33	6,350	3,947	758.2	5.21
Rochester G&E	18	54	10,221	3,094	583.9	5.30
Composite	208	$656	123,538	3,158	594.4	$5.31
			Sales for Resale			
	(Units)					
Long Island Lighting	1	$5	2,157			
New York State E&G	1	0 1/	8			$5.53
Niagara Mohawk	2	9	2,435			3.61
Orange & Rockland	2	2	707			3.02

1/ Revenues were $41,969.

Company	Average Number Customers	Sales Revenues	Mcf Sold	Average Annual Bill Per Customer	Average Usage Per Customer	Average Revenue Per Mcf Sold
			All Other Sales			
Central Hudson	417	$4	908			$4.58
Consolidated Edison	1,424	29	5,981			4.88
Long Island Lighting	1	37	11,862			3.10
New York State E&G	1,185	13	2,426			5.18
Orange & Rockland	1	0 2/	19			3.81
Rochester G & E	1,017	9	1,748			5.11

2/ Revenues were $70,687.

Average Annual Bill Data
Straight Gas Copmpanies
1987

Company	Average Number of Customers	Sales Revenues	Mcf Sold	Average Annual Bill Per Customer	Average Usage Per Customer	Average Revenue Per Mcf Sold
	(Thousands)	(Millions)	(Thousands)		(Mcf)	
			Totals			
Brooklyn Union	1,087	$876	116,386	$806	107.1	$7.53
Columbia Gas	66	61	11,631	926	177.0	5.23
Corning Gas	12	26	6,944	2,144	569.3	3.77
National Fuel	692	621	131,271	897	189.6	4.73
St. Lawrence Gas	11	25	7,545	2,292	680.2	3.37
Syracuse Suburban	4	11	2,300	2,577	543.5	4.74
Composite	1,873	$1,620	276,076	$865	147.4	$5.87
			Residential			
Brooklyn Union	1,051	$716	83,937	$682	79.9	$8.54
Columbia Gas	59	39	7,153	650	120.6	5.39
Corning Gas	11	7	1,553	602	137.7	4.37
National Fuel	650	415	81,488	639	125.4	5.09
St. Lawrence Gas	10	6	1,386	594	139.5	4.26
Syracuse Suburban	3	2	378	654	118.0	5.54
Composite	1.785	$1,185	175,895	$664	98.6	$6.74
			Commercial and Industrial			
Brooklyn Union	33	$133	20,988	$4,012	635.4	$6.31
Columbia Gas	6	22	4,478	3,479	697.8	4.99
Corning Gas	1	5	1,408	6,666	1,723.4	3.87
National Fuel	43	206	49,783	4,825	1,167.1	4.13
St. Lawrence Gas	1	20	6,159	16,877	5,322.8	3.17
Syracuse Suburban	1	9	1,912	8,546	1,863.9	4.59
Composite	85	$394	84,728	$4,634	995.6	$4.65
			Sales for Resale			
	(Units)					
Corning Gas	2	$13	3,846			$3.47
Syracuse Suburban	1	0 1/	9			3.96
1/ Sales for Resale is $36,700.						
			All Other Sales			
Brooklyn Union	3.044	$27	11.461			$2.35
Corning Gas	101	1	137			4.15

Average Annual Bill Data
Water Industry
1987

	Average Number of Customers	Sales	Gallons Sold	Average Annual Bill Per Customer	Average Usage Per Customer	Average Revenue Per Thousand Gallons Sold
Total		(Thousands)	(Millions)		(Thousand Gallons)	
Citizens Water	7,733	$3,839	1,419	$496	184	$2.70
Country Knolls	4,853	1,068	415	220	85	2.58
Jamaica Water	118,612	45,822	21,189	386	179	2.16
Long Island Water	72,975	23,815	9,687	326	133	2.46
New Rochelle	29,617	12,487	5,926	422	200	2.11
New-York American	11,155	6,154	1,722	552	154	3.57
New York Water Service	43,686	13,064	5,023	299	115	2.60
Owego Water	1,476	738	438	500	297	1.69
Sea Cliff Water	4,465	1,208	397	271	89	3.05
Shorewood Water	4,564	974	550	213	121	1.77
Spring Valley	54,594	31,221	7,707	572	141	4.05
Wanakah Water	3,584	1,153	268	322	75	4.31
Composite	357,314	$141,545	54,739	396	153	2.59
Metered General Customers						
Citizens Water	7,649	$3,499	1,419	$457	186	$2.46
Country Knolls	4,853	1,037	415	214	85	2.50
Jamaica Water	106,468	35,527	18,790	334	176	1.89
Long Island Water	72,428	21,925	9,685	303	134	2.26
New Rochelle	29,211	11,142	5,760	381	197	1.93
New-York American	10,858	5,416	1,636	499	151	3.31
New York Water Service	43,551	12,051	5,023	277	115	2.40
Owego Water	1,439	650	397	452	276	1.64
Sea Cliff Water	4,085	1,043	397	255	97	2.63
Shorewood Water	4,477	861	424	192	95	2.03
Spring Valley	54,038	27,026	7,648	500	142	3.53
Wanakah Water	3,575	1,023	268	286	75	3.82
Composite	342,632	$121,200	51,862	354	151	2.34
Unmetered General Customers						
Jamaica Water	11,308	$2,641	2,399	$239	194	$1.10
Long Island Water	5	8	1	729	231	7.03

RATE OF RETURN ON UTILITY RATE BASE

All Companies

RATE OF RETURN ON UTILITY RATE BASE

This section presents the computed rate of return on utility rate base for the years 1983 through 1987 for all companies included in this publication. For combination electric and gas corporations, rates of return for each major department are computed.

Rates of return were calculated on a uniform basis from information filed in company annual reports to the Commission, using the formula described below. These calculations on rates of return are not intended as an evaluation of the reasonableness of the earnings of any utility under the jurisdiction of the Public Service Commission. Furthermore, the earned rates of return, as computed herein, are not necessarily the same rates of return that would be computed by staff in a formal proceeding. Differences may result because data in formal proceedings are analyzed in greater detail and some adjustments are usually made to booked amounts.

Table A distributes the companies according to 1987 rates of return. Forty-five of the seventy-four companies experienced increases in rates of return in 1987 compared to 1983. The seven combination companies are included as electric, gas and steam companies. Table B reflects the aggregate average rate of return by the industry for the years 1983 through 1987.

Table A - Number of Companies Earning Indicated Rates of Return on Utility Rate Base In 1987

	Combination							
Rate of Return	Electric	Gas	Steam	Straight Gas	Telephone	Water	Total	Percent of Total
Less than 8.00	0	0	0	1	6	1	8	10.8 %
8.00 to 8.99	0	4	0	3	8	1	16	21.6
9.00 to 9.99	1	1	0	0	2	3	7	9.5
10.00 to 10.99	1	2	1	2	2	4	12	16.2
11.00 to 11.99	0	0	0	0	9	1	10	13.5
12.00 to 12.99	2	0	0	0	7	0	9	12.2
13.00 to 13.99	0	0	0	0	2	1	3	4.1
14.00 to 14.99	1	0	0	0	0	1	2	2.7
15.00 and above	2	0	0	0	5	0	7	9.5
	7	7	1	6	41	12	74	100.0 %

1987 Compared to 1983 Levels

Increased	4	3	1	1	33	3	45	60.8
Decreased	3	4	0	5	8	9	29	39.2
No Change	0	0	0	0	0	0	0	0.0
	7	7	1	6	41	12	74	100.0 %

Table B - Aggregate of Rate of Return on Utility Rate Base By Industry

	1987	1986	1985	1984	1983
Combination					
Electric	13.25	12.71	12.26	12.19	11.82
Gas	9.12	10.60	10.61	11.50	10.56
Steam	10.30	10.62	7.49	11.02	8.93
Straight Gas	9.77	10.90	10.89	11.56	11.34
Telephone	12.57	13.17	11.45	10.54	10.55
Water	10.07	11.39	11.23	11.73	11.67

The following method was used in determining the rate base and return for computing the earned rate of return:

Net Plant

(1) Plant in service is an average of beginning and end of year balances of plant accounts.

(2) Accumulated provision for depreciation and amortization is an average of beginning and end of year balances.

(3) Plant held for future use and construction work in progress are not included in net plant.

(4) Accumulated deferred income taxes is an average of beginning and end of year balances.

(5) Common utility plant and accumulated provision for depreciation for common utility plant are averaged (beginning and end of year balances) and a net common plant determined. Common plant is allocated to other utility plant in the ratio of each type utility plant to total utility plant.

(6) Net Plant equals (1) - (2) - (4) + (5).

Working Capital

(7) Materials and supplies and prepayments is an average of beginning and end of year balances. If the company has more than one utility department, materials and supplies are allocated in the ratio of gross plant in service for each department to gross total utility plant in service.

(8) Cash working capital is one-eighth of operation and maintenance expenses (less purchased power, purchased gas, and purchased water for resale, for electric, gas and water companies respectively). For telephone companies, a percentage of operation and maintenance expenses is developed based on the average number of lag days per year.

(9) Working capital equals (7) + (8).

Rate Base

(10) Rate Base equals (6) + (9).

Return

(11) Net operating income as reported in Sections I - IV of this publication is used as "return" in computing the realized rate of return on rate base. Rate of return equals (11) ÷ (10).

Rate of Return on Utility Rate Base

COMBINATION COMPANIES

ELECTRIC DEPARTMENT	1987	1986	1985	1984	1983
CENTRAL HUDSON G & E*	18.83	19.04	17.90	15.07	13.66
CONSOLIDATED EDISON	10.05	10.13	10.60	11.19	11.01
LONG ISLAND LIGHING*	36.78	27.92	22.60	18.28	15.61
NEW YORK STATE E & G	12.10	11.41	9.87	11.38	12.85
NIAGARA MOHAWK	12.99	11.88	11.19	11.11	10.62
ORANGE & ROCKLAND	9.51	9.62	12.28	12.56	11.66
ROCHESTER G & E	14.13	13.71	14.22	12.47	12.42

*DUE TO THE COMPANY'S DEFERRED ACCOUNTING TREATMENT OF CERTAIN ITEMS RELATED TO UNDER CONSTRUCTION - NINE MILE 2 (BOTH) AND SHOREHAM (LILCO) THE RATES REPORTED HERE ARE ABNORMALLY HIGH. IT IS NOT POSSIBLE TO ADJUST THESE RETURNS THE INFORMATION PRESENTED.

GAS DEPARTMENT	1987	1986	1985	1984	1983
CENTRAL HUDSON G & E	10.30	14.46	14.72	15.17	10.46
CONSOLIDATED EDISON	9.32	9.26	8.88	10.49	11.56
LONG ISLAND LIGHTING	10.30	10.54	12.71	9.91	9.22
NEW YORK STATE E & G	8.39	12.54	11.38	17.38	5.85
NIAGARA MOHAWK	8.14	12.37	11.63	12.24	12.33
ORANGE & ROCKLAND	8.50	7.51	8.72	10.38	7.77
ROCHESTER G & E	8.51	10.33	10.25	12.86	9.85

STRAIGHT GAS COMPANIES	1987	1986	1985	1984	1983
BROOKLYN UNION	10.77	11.66	11.58	11.98	12.07
COLUMBIA GAS	6.69	7.52	7.44	8.87	8.81
CORNING NATURAL GAS	8.52	9.13	9.53	8.40	10.04
NATIONAL FUEL GAS DIST.	8.30	9.81	9.90	10.87	10.25
ST. LAWRENCE GAS	10.88	9.08	12.73	15.07	11.64
SYRACUSE SUBURBAN	8.65	9.59	9.65	19.57	6.33

STEAM DEPARTMENT	1987	1986	1985	1984	1983
CONSOLIDATED EDISON	10.37	10.62	7.49	11.02	8.93

Rate of Return on Utility Rate Base

TELEPHONE COMPANIES	1987	1986	1985	1984	1983
ARMSTRONG TEL	7.96	9.10	6.95	7.31	8.60
ALLTEL NEW YORK,INC.	11.24	13.60	12.72	9.24	9.28
AT&T COMM. OF NY	11.32	12.92	10.04	8.08	
AUSABLE VALLEY TEL.	8.45	8.14	10.87	10.11	8.92
BERKSHIRE TELEPHONE	13.11	11.13	9.88	7.13	8.77
CASSADAGA TELEPHONE	12.67	11.93	10.93	12.88	11.51
CHAMPLAIN TELEPHONE	6.10	10.05	12.29	13.55	8.26
CHAUTAUQUA & ERIE	11.21	12.77	14.18	11.23	11.55
CHAZY & WESTPORT	8.25	10.41	10.73	6.66	8.47
CITIZENS TEL OF HAMMOND	6.05	6.37	6.01	4.50	4.70
CLYMER TELEPHONE	8.81	7.93	12.55	10.82	9.18
CONTINENTAL TEL.OF N.Y.	12.09	12.34	12.28	9.49	8.91
CROWN POINT TELEPHONE	7.00	5.90	9.59	3.72	2.87
DELHI TELEPHONE CO.	8.49	9.92	10.57	7.63	6.98
DEPOSIT TELEPHONE	17.64	14.26	13.30	13.23	12.12
DUNKIRK & FREDONIA	10.33	13.17	18.90	11.07	7.26
EDWARDS TELEPHONE	11.56	9.77	12.17	5.87	8.00
EMPIRE TELEPHONE	9.53	12.19	7.69	9.65	7.21
FISHERS ISLAND TEL.	8.58	8.09	35.06	31.00	18.53
GERMANTOWN TEL.	12.37	12.62	13.98	9.01	7.07
HANCOCK TEL	11.49	10.19	11.53	10.49	7.20
HIGHLAND TEL.	12.32	13.04	11.99	11.45	11.53

Rate of Return on Utility Rate Base

TELEPHONE COMPANIES	1987	1986	1985	1984	1983
MARGARETVILLE TEL.	11.65	12.28	9.82	8.70	10.48
MIDDLEBURGH TEL.	10.82	8.20	11.50	8.17	9.76
NEWPORT TELEPHONE	8.11	8.80	8.92	6.65	3.40
NEW YORK TELEPHONE	12.73	13.27	11.45	10.39	10.49
NICHOLVILLE TELEPHONE	8.38	9.18	9.97	9.52	6.97
OGDEN TELEPHONE	11.64	12.12	10.35	9.81	11.00
ONEIDA COUNTY RURAL	7.51	8.01	6.59	5.96	6.85
ONTARIO TELEPHONE	25.44	17.26	14.44	15.46	14.59
PATTERSONVILLE TEL.	9.65	7.92	5.67	11.58	7.58
PORT BYRON TEL.	7.66	5.64	12.77	3.83	3.06
ROCHESTER TELEPHONE	11.00	11.35	12.07	11.19	10.79
SENECA-GORHAM TELEPHONE	12.39	10.73	11.22	10.99	9.42
STATE TELEPHONE CO.	27.33	29.25	17.20	15.68	12.91
SYLVAN LAKE TELEPHONE	12.62	14.33	13.00	12.05	11.97
TACONIC TELEPHONE	13.71	9.71	12.54	9.60	10.69
TOWNSHIP TELEPHONE	11.69	10.97	7.43	9.67	7.80
TRUMANSBURG HOME TEL.	15.24	15.23	14.76	20.66	15.77
VERNON TELEPHONE	8.44	9.29	13.28	3.52	8.03
WARWICK VALLEY TEL.	15.06	13.00	17.51	13.67	8.73

Rate of Return on Utility Rate Base

WATER COMPANIES	1987	1986	1985	1984	1983
CITIZENS WATER-SUPPLY	10.49	13.38	10.51	11.13	15.65
COUNTRY KNOLLS WATER	9.34	10.26	11.05	10.01	9.26
JAMAICA WATER SUPPLY	9.81	10.60	11.32	11.95	11.95
LONG ISLAND WATER	10.79	12.88	12.68	12.50	12.89
NEW ROCHELLE WATER	11.53	11.01	10.94	13.37	13.97
NEW YORK-AMERICAN	14.54	13.63	13.56	13.10	16.26
NEW YORK WATER SERVICE	8.44	15.72	12.22	13.98	14.24
OWEGO WATER WORKS	9.78	10.67	13.10	12.47	11.31
SEA CLIFF WATER CO.	10.58	14.16	15.24	15.62	14.18
SHOREWOOD WATER CORP.	2.94	3.15	0.07	1.57	4.78
SPRING VALLEY WATER	10.02	10.62	10.79	10.70	9.61
WANAKAH WATER CO.	13.00	12.71	12.26	12.02	10.47

RATE OF RETURN ON COMMON EQUITY

All Companies

RATE OF RETURN ON COMMON EQUITY

This section presents the computed rates of return on common equity for all companies included in this report.

The computed rate of return is the percentage relationship of earnings available before extraordinary items to the average of the beginning and year-ending balances of proprietary capital, less preferred stock.

It should be noted that these calculations by the Commission's staff on rates of return are not intended as an evaluation of the reasonableness of the earnings of any utility under the jurisdiction of the Public Service Commission. Also, the earned rates of return reported here are not necessarily the same rates of return that would be computed by the staff in a formal proceeding. Differences may occur because the data in formal proceedings are analyzed in detail and some adjustments are usually made to booked amounts.

The rates of return on common equity for 41 of the 66 companies increased in 1987 over the 1983 levels. Table A distributes the companies according to 1987 computed rates of return. Table B presents the aggregate average rate of return by industry for the years 1983 through 1987.

Table A - Number of Companies Earning Indicated Rates Of Return On Common Equity In 1987

Rate of Return	Combination Companies	Straight Gas	Telephone	Water	Total	Percent of Total
Less than 12.00	2	3	8	6	19	28.8 %
12.00 to 12.99	1	2	3	0	6	9.1
13.00 to 13.99	3	1	5	2	11	16.7
14.00 to 14.99	1	0	7	2	10	15.2
15.00 to 15.99	0	0	0	0	0	0.0
16.00 to 16.99	0	0	4	0	4	6.1
17.00 and above	0	0	14	2	16	24.2
	7	6	41	12	66	100.0 %

1987 Compared To 1983 Levels

	Combination Companies	Straight Gas	Telephone	Water	Total	Percent of Total
Increased	4	1	33	3	41	62.1
Decreased	3	5	8	9	25	37.9
No Change	0	0	0	0	0	0.0
	7	6	41	12	66	100.0 %

Table B - Aggregate Of Rate Of Return On Common Equity By Industry

	1987	1986	1985	1984	1983
Combination Companies	10.7	12.0	14.6	15.1	14.7
Straight Gas Companies	11.5	10.9	13.3	14.6	14.0
Telephone Companies	15.9	17.2	14.2	13.0	12.1
Water Companies	9.5	11.3	10.7	12.2	11.6

RATES OF RETURN ON COMMON EQUITY BEFORE EXTRAORDINARY ITEMS AND EQUITY RATIOS
(IN PERCENTS)

	1987		1986		1985		1984		1983	
COMBINATION COMPANIES 1/	RETURN ON COMMON EQUITY	COMMON EQUITY TO CAPITALIZATION	RETURN ON COMMON EQUITY	COMMON EQUITY TO CAPITALIZATION	RETURN ON COMMON EQUITY	COMMON EQUITY TO CAPITALIZATION	RETURN ON COMMON EQUITY	COMMON EQUITY TO CAPITALIZATION	RETURN ON COMMON EQUITY	COMMON EQUITY TO CAPITALIZATION
CENTRAL HUDSON	14.7 2/	35.4	14.8	45.7	16.1	40.2	15.6	41.3	14.0	41.8
CONSOLIDATED EDISON	12.7	53.4	12.7	54.3	13.1	54.2	15.0	56.0	15.1	53.6
LONG ISLAND LIGHTING	5.6 3/	43.7	7.5	41.7	16.2	41.5	15.2	38.7	14.7	34.1
NEW YORK STATE E & G	13.1 2/	33.0	15.2	39.5	14.2	39.8	15.7	80.0	13.3	41.3
NIAGARA MOHAWK POWER	11.4 2/	32.9	13.5	41.8	14.9	42.4	14.8	70.0	14.9	42.4
ORANGE & ROCKLAND	13.2	46.2	13.6	48.6	13.5	50.8	13.7	50.9	13.6	50.3
ROCHESTER G & E	13.7 2/	34.6	13.7	44.5	15.6	43.3	16.2	41.1	15.1	41.5
STRAIGHT GAS COMPANIES										
BROOKLYN UNION	13.1	48.5	10.2	49.8	14.3	47.7	14.7	50.0	15.1	48.9
COLUMBIA GAS NY	6.9	44.4	13.2	49.0	8.4	46.8	12.1	50.3	13.3	51.2
CORNING NATURAL GAS	12.6	50.8	13.5	88.0	12.3	85.5	13.6	82.3	15.2	74.5
NATIONAL FUEL DIST	8.1	50.3	12.1	50.2	11.5	55.5	14.3	53.7	12.0	48.2
ST. LAWRENCE GAS	12.2	45.0	13.6	48.6	13.4	56.9	19.2	68.2	15.7	64.9
SYRACUSE SUBURBAN	11.7	73.2	13.7	70.8	12.8	67.2	30.5	64.2	6.1	56.6

1/ COMPANIES PROVIDING ELECTRIC, GAS AND OTHER UTILITY SERVICES.
2/ RETURN CALCULATED BEFORE NINE MILE 2 AND OTHER PLANT WRITE-OFFS.
3/ RETURN ASSUMES PREFERRED DIVIDENDS WERE ACCRUED.

RATES OF RETURN ON COMMON EQUITY BEFORE EXTRAORDINARY ITEMS AND EQUITY RATIOS (IN PERCENTS)

	1987		1986		1985		1984		1983	
TELEPHONE COMPANIES	RETURN ON COMMON EQUITY	COMMON EQUITY TO CAPITALIZATION	RETURN ON COMMON EQUITY	COMMON EQUITY TO CAPITALIZATION	RETURN ON COMMON EQUITY	COMMON EQUITY TO CAPITALIZATION	RETURN ON COMMON EQUITY	COMMON EQUITY TO CAPITALIZATION	RETURN ON COMMON EQUITY	COMMON EQUITY TO CAPITALIZATION
ARMSTRONG TEL	7.7	42.6	13.2	39.9	12.0	38.2	11.8	36.4	11.8	34.1
ALLTEL NEW YORK,INC.	13.0	55.2	17.7	55.6	15.3	51.1	8.8	48.4	8.4	46.4
ATT COM - N.Y.	14.1	78.7	17.5	72.2	15.7	61.3	13.7	65.1		
AUSABLE VALLEY TEL	10.7	32.7	17.0	23.9	33.6	18.2	28.5	15.8	17.1	15.1
BERKSHIRE TELEPHONE	21.1	38.8	16.3	33.8	19.3	30.2	8.1	26.2	12.4	24.6
CASSADAGA TELEPHONE	16.8	60.4	14.3	57.6	14.7	54.1	18.6	50.5	18.0	46.1
CHAMPLAIN TELEPHONE	7.2	43.9	16.8	42.1	26.7	41.8	28.3	40.5	12.9	37.6
CHAUTAUQUA & ERIE	14.6	61.1	17.7	59.6	22.3	51.7	14.4	52.9	16.5	50.5
CHAZY & WESTPORT TEL	12.2	33.4	18.3	30.3	19.8	27.5	13.6	27.9	17.4	25.0
CITZ.TEL.OF HAMMOND	21.5	23.8	29.4	19.5	56.1	9.1	49.4	5.3	66.9	1.7
CLYMER TELEPHONE	13.4	33.0	11.4	31.8	26.1	30.6	23.3	29.9	18.0	27.3
CONTINENTAL TEL NY	18.0	51.8	17.1	49.4	16.4	46.8	12.5	48.6	11.4	52.5
CROWN POINT TEL	12.0	27.3	4.1	16.4	12.5	15.7	-	20.3	-	22.4
DELHI TELEPHONE CO.	8.1	45.3	8.7	41.2	11.9	39.3	8.5	36.4	5.9	36.1
DEPOSIT TELEPHONE	22.0	71.8	16.5	66.5	17.6	61.6	17.1	56.7	16.1	52.0
DUNKIRK & FREDONIA	8.3	47.3	19.2	46.4	28.0	43.9	14.4	38.3	6.4	35.7
EDWARDS TELEPHONE	17.6	44.5	15.9	39.5	25.6	35.4	11.3	29.3	19.3	26.6
EMPIRE TELEPHONE	13.2	41.9	18.9	38.1	11.9	42.6	16.8	38.9	9.3	34.3
FISHERS ISLAND TEL	7.5	100.0	9.5	100.0	21.7	100.0	19.5	100.0	15.1	100.0
GERMANTOWN TELEPHONE	21.5	41.9	22.7	36.6	30.4	32.5	16.5	25.4	14.6	22.1

RATES OF RETURN ON COMMON EQUITY BEFORE EXTRAORDINARY ITEMS AND EQUITY RATIOS

(IN PERCENTS)

	1987		1986		1985		1984		1983	
TELEPHONE COMPANIES	RETURN ON COMMON EQUITY	COMMON EQUITY TO CAPITALIZATION	RETURN ON COMMON EQUITY	COMMON EQUITY TO CAPITALIZATION	RETURN ON COMMON EQUITY	COMMON EQUITY TO CAPITALIZATION	RETURN ON COMMON EQUITY	COMMON EQUITY TO CAPITALIZATION	RETURN ON COMMON EQUITY	COMMON EQUITY TO CAPITALIZATION
HANCOCK TELEPHONE	12.8	43.1	12.9	39.5	17.8	36.5	16.4	32.6	7.4	29.8
HIGHLAND TELEPHONE	17.8	60.4	19.3	59.5	16.8	57.4	13.9	55.4	14.2	47.9
MARGARETVILLE TEL	14.1	46.5	18.0	42.6	13.1	37.6	10.1	34.8	15.6	33.7
MIDDLEBURGH TEL	14.5	41.8	9.6	38.1	21.8	35.7	14.7	30.5	21.5	27.3
NEWPORT TELEPHONE	9.1	24.4	21.2	30.2	14.8	25.7	9.3	26.0	-	21.3
NEW YORK TELEPHONE CO.	16.2	57.2	17.1 1/	58.0	13.8	57.5	12.5	56.3	12.1	56.7
NICHOLVILLE TEL	14.7	33.4	19.9	29.9	26.4	25.6	28.7	20.6	16.6	16.1
OGDEN TELEPHONE CO.	19.2	30.7	23.8	25.8	14.8	22.2	14.8	20.3	15.2	18.8
ONEIDA CO RURAL TEL	13.2	30.6	16.3	28.0	18.9	24.3	17.4	20.4	23.0	17.0
ONTARIO TELEPHONE	17.1	91.1	13.9	89.6	12.5	88.2	15.8	86.7	15.8	84.7
PATTERSONVILLE TEL	17.0	62.3	14.5	59.2	18.8	55.2	13.9	49.5	16.1	43.8
PORT BYRON TELEPHONE	14.1	15.4	-	17.9	54.5	19.2	-	9.4	-	9.9
ROCHESTER TELEPHONE	13.3	59.7	17.6	65.5	16.4	63.5	14.7	61.9	13.8	60.6
SENECA-GORHAM TEL	16.3	63.9	16.6	60.2	14.3	56.5	13.2	53.2	0.5	49.0
STATE TELEPHONE CO.	27.1	98.3	26.3	95.4	19.4	9.4	17.8	92.9	15.8	91.7
SYLVAN LAKE TEL	19.7	45.4	19.9	55.6	18.1	53.7	12.9	51.6	14.3	49.2
TACONIC TELEPHONE	16.0	47.3	0.9	44.2	12.9	42.9	5.7	40.2	11.4	39.0
TOWNSHIP TELEPHONE	28.1	33.5	31.0	30.4	16.7	23.7	35.7	20.3	3.2	14.7
TRUMANSBURG HOME TEL	14.2	80.7	13.8	78.6	13.5	76.4	23.3	74.1	18.8	69.7
VERNON TELEPHONE	5.8	25.7	13.5	25.7	20.2	23.8	-	26.4	0.7	28.2
WARWICK VALLEY TEL	17.9	62.5	15.9	59.6	22.9	57.1	18.2	51.6	7.5	48.3

1/ THE RETURN FOR NEW YORK TELEPHONE REFLECTS INTERSTATE, AS WELL AS INTRASTATE, OPERATIONS. IN ADDITION, THE RETURNS DIFFER FROM THE COMPANY'S PUBLISHED STATEMENTS BECAUSE CERTAIN TAX DEDUCTIONS RELATED TO 1984 AND 1985 WERE REFLECTED IN THE PSC REPORT IN 1986, INCREASING THE REPORTED RETURN ON COMMON EQUITY, BEFORE EXTRAORDINARY ITEMS, FROM 16.0% TO 17.1%.

RATES OF RETURN ON COMMON EQUITY BEFORE EXTRAORDINARY ITEMS AND EQUITY RATIOS
(IN PERCENTS)

	1987		1986		1985		1984		1983	
WATER COMPANIES	RETURN ON COMMON EQUITY	COMMON EQUITY TO CAPITALIZATION	RETURN ON COMMON EQUITY	COMMON EQUITY TO CAPITALIZATION	RETURN ON COMMON EQUITY	COMMON EQUITY TO CAPITALIZATION	RETURN ON COMMON EQUITY	COMMON EQUITY TO CAPITALIZATION	RETURN ON COMMON EQUITY	COMMON EQUITY TO CAPITALIZATION
CITIZENS WATER-SUPPLY	4.9	100.0	7.6	100.0	5.2	100.0	5.7	100.0	8.1	100.0
COUNTRY KNOLLS WATER	6.0	52.9	13.5	34.8	10.0	20.8	11.5	19.3	26.5	17.2
JAMAICA WATER	13.8	55.8	13.7	52.1	14.1	44.0	14.2	41.0	14.1	38.6
LONG ISLAND WATER	10.3	40.7	14.9	49.2	13.8	45.7	15.1	52.3	15.6	49.6
NEW ROCHELLE WATER	5.1	99.9	6.7	99.8	6.1	99.8	8.2	99.8	9.1	99.7
NEW YORK-AMERICAN	22.8	35.8	16.9	33.8	14.5	34.1	16.7	51.0	25.7	50.9
N Y WATER SERVICE	3.4	65.8	7.1	87.1	5.9	86.3	9.8	85.6	8.6	84.3
OWEGO WATER WORKS	4.8	99.9	5.4	100.0	6.9	100.0	7.7	100.0	0.8	100.0
SEA CLIFF WATER CO.	13.2	65.8	13.8	62.0	14.4	57.9	14.0	54.4	14.6	100.0
SHOREWOOD WATER CORP.	53.6	8.3	51.4	52.3	26.8	36.0	21.6	30.4	29.2	22.8
SPRING VALLEY WATER	14.9	45.6	16.0	43.4	16.1	40.1	16.2	39.5	12.2	40.4
WANAKAH WATER CO.	14.6	34.5	12.9	34.8	11.7	40.8	10.5	40.6	9.6	41.3

PRE-TAX INTEREST COVERAGE

All Companies

PRE-TAX INTEREST COVERAGE

Pre-tax interest coverage is the number of times a company's annual income before income tax exceeds annual interest charges. The interest charges used in this calculation include interest on long-term debt, amortization of discount, expense and/or premium on debt, interest on notes payable and all other interest deductions.

Income before income taxes is used to measure interest coverage because this is the amount available to pay interest obligations before income taxes are assessed.

The number of times that interest is earned is an important and significant element in determining a company's bond rating and its cost of capital. Indenture holders normally require companies to achieve specific coverage thresholds. The typical coverage requirements contained in indentures is "two times the interest to be covered." It is customary that there be a margin of safety above the indenture requirement for assurance and for flexibility to issue new debt. Therefore, the coverage of most utilities is normally higher than two times the interest expense. As a general rule, the higher the interest coverage the better the company's bond rating and the lower the interest cost.

The number of times interest is earned is shown for each company for the years 1983 through 1987. These figures were computed on a consistent basis for all of the companies shown. Debt instruments usually specify how this figure is to be computed and these formulas contain significant variations in the computation. The figures shown should, therefore, not be regarded as being equivalent to indenture coverage.

PRE-TAX INTEREST COVERAGE
(TIMES EARNED)

COMBINATION COMPANIES	1987	1986	1985	1984	1983
CENTRAL HUDSON GAS & ELECTRIC CORP.	1.2	3.1	3.2	3.2	2.8
CONSOLIDATED EDISON CO. OF N.Y.,INC.	5.3	6.0	6.2	6.7	6.4
LONG ISLAND LIGHTING COMPANY	2.0	2.2	2.8	2.4	2.5
NEW YORK STATE ELECTRIC & GAS CORP.	2.2	2.6	2.4	2.5	2.4
NIAGARA MOHAWK POWER CORP.	2.7	3.1	3.1	3.1	2.9
ORANGE & ROCKLAND UTILITIES,INC.	3.4	3.9	5.3	4.5	4.2
ROCHESTER GAS & ELECTRIC CORP.	2.8	3.0	3.1	3.3	2.9
STRAIGHT GAS COMPANIES					
BROOKLYN UNION GAS CO.,THE	3.6	3.3	4.2	3.8	3.6
COLUMBIA GAS OF N.Y.,INC	2.0	2.8	2.5	3.1	3.2
CORNING NATURAL GAS CORP.	3.7	4.9	4.7	6.8	6.6
NATIONAL FUEL GAS DISTRIBUTION CORP.	1.9	2.5	2.4	2.8	2.2
ST. LAWRENCE GAS CO.,INC.	18.6	17.1	7.7	9.3	8.1
SYRACUSE SUBURBAN GAS CO.,INC.	4.3	4.3	3.3	6.0	1.4

	PRE-TAX INTEREST COVERAGE (TIMES EARNED)				
TELEPHONE COMPANIES	1987	1986	1985	1984	1983
ARMSTRONG TELEPHONE CO.	3.5	4.8	3.9	4.1	3.8
ALLTEL NEW YORK,INC.	3.2	4.5	4.3	2.9	2.5
AT&T COMMUNICATIONS OF NEW YORK,INC.	9.8	8.0	7.1	5.9	
AUSABLE VALLEY TELEPHONE CO.,INC.	1.8	2.1	2.7	2.0	1.6
BERKSHIRE TELEPHONE CORP.	3.2	2.1	2.5	1.5	1.8
CASSADAGA TELEPHONE CORP.	5.7	7.1	6.5	6.8	4.8
CHAMPLAIN TELEPHONE CO.,THE	2.5	4.9	7.7	7.1	3.3
CHAUTAUQUA & ERIE TELEPHONE CORP.	4.2	4.6	5.4	3.3	3.0
CHAZY & WESTPORT TELEPHONE CORP.	2.2	2.6	3.0	2.1	2.5
CITIZENS TEL.CO.OF HAMMOND,N.Y.,INC.	4.9	4.9	4.7	1.9	2.5
CLYMER TELEPHONE CO.,INC.	2.9	3.2	4.0	3.9	3.5
CONTINENTAL TELEPHONE CO.OF N.Y.,INC.	4.2	3.9	4.2	3.5	3.3
CROWN POINT TELEPHONE CORPORATION	1.5	1.2	1.7	0.8	0.7
DELHI TELEPHONE CO.	1.7	2.1	2.2	2.0	1.7
DEPOSIT TELEPHONE CO.,INC.	8.8	5.1	4.6	3.8	3.7
DUNKIRK & FREDONIA TELEPHONE CO.	2.7	5.2	5.8	3.7	2.7
EDWARDS TELEPHONE CO.,INC.	4.6	3.9	5.2	2.3	3.0
EMPIRE TELEPHONE CORP.	3.3	3.6	3.1	3.5	2.9
FISHERS ISLAND TELEPHONE CORP.,THE	20.9	-	81.1	-	-
GERMANTOWN TELEPHONE CO.,INC.	5.0	4.2	4.2	2.2	1.7

PRE-TAX INTEREST COVERAGE
(TIMES EARNED)

TELEPHONE COMPANIES	1987	1986	1985	1984	1983
HANCOCK TELEPHONE CO.,THE	2.1	2.5	3.2	2.4	1.5
HIGHLAND TELEPHONE CO.	5.4	6.0	5.7	4.4	4.1
MARGARETVILLE TELEPHONE CO.,INC.	3.6	3.8	2.8	2.6	4.0
MIDDLEBURGH TELEPHONE CO.,THE	4.0	3.4	4.7	3.0	3.2
NEWPORT TELEPHONE CO.,INC.	1.9	3.9	2.3	1.7	0.5
NEW YORK TELEPHONE CO.	4.8	5.2	4.5	4.0	3.7
NICHOLVILLE TELEPHONE CO.,INC.	2.9	3.5	3.3	2.7	1.7
OGDEN TELEPHONE CO.	2.6	2.4	1.8	1.7	1.7
ONEIDA COUNTY RURAL TELEPHONE CO.	3.0	3.8	3.7	2.4	2.5
ONTARIO TELEPHONE CO.,INC.	28.7	21.2	16.0	16.5	15.4
PATTERSONVILLE TELEPHONE CO.	13.9	10.3	11.1	6.5	5.9
PORT BYRON TELEPHONE CO.	1.5	1.7	2.5	0.9	0.7
ROCHESTER TELEPHONE CORP.	6.5	9.4	9.8	8.5	7.5
SENECA-GORHAM TELEPHONE CORP.	7.8	7.2	5.6	4.4	2.2
STATE TELEPHONE CO.	131.2	93.3	48.1	42.5	9.6
SYLVAN LAKE TELEPHONE CO.,ONC.	3.4	4.6	3.8	2.9	3.1
TACONIC TELEPHONE CORP.	3.0	2.4	2.4	2.0	2.2
TOWNSHIP TELEPHONE COMPANY,INC.	5.5	4.5	2.4	4.2	3.0
TRUMANSBURG HOME TELEPHONE CO.	11.4	9.3	7.4	10.2	7.2
VERNON TELEPHONE CO.,INC.	1.3	1.8	1.8	0.5	1.4
WARWICK VALLEY TELEPHONE CO.	5.6	4.7	6.5	4.8	2.6

PRE-TAX INTEREST COVERAGE
(TIMES EARNED)

WATER COMPANIES	1987	1986	1985	1984	1983
CITIZENS WATER-SUPPLY OF NEWTOWN,THE	2.8	3.9	2.7	3.2	3.7
COUNTRY KNOLLS WATER WORKS,INC.	1.3	1.5	1.2	1.9	1.9
JAMAICA WATER SUPPLY COMPANY	4.4	3.2	2.9	2.6	2.3
LONG ISLAND WATER CORP.	2.4	3.3	3.1	3.6	3.6
NEW ROCHELLE WATER CO., THE	2.9	3.8	3.4	3.8	3.8
NEW YORK-AMERICAN WATER CO.,INC.	3.2	2.9	2.6	3.3	2.4
NEW YORK WATER SERVICE CORP.	4.2	5.7	3.6	4.8	4.0
OWEGO WATER WORKS	3.3	3.6	4.5	5.2	2.7
SEA CLIFF WATER CO.	4.9	3.6	3.5	2.6	2.7
SHOREWOOD WATER CORP.	14.2	7.5	2.7	2.0	4.0
SPRING VALLEY WATER CO.,INC.	3.8	4.0	3.7	3.6	3.0
WANAKAH WATER CO.	2.1	2.0	1.9	1.8	2.0

THE UTILITY INDUSTRY IN NEW YORK STATE

THE UTILITY INDUSTRY IN THE STATE OF NEW YORK*
(BILLIONS OF DOLLARS)

BALANCE SHEET

	1987	1986	1985	1984	1983
ASSETS					
ELECTRIC PLANT	$ 31.65	$ 32.37	$ 30.01	$ 27.57	$ 25.02
GAS PLANT	4.36	4.08	3.84	3.61	3.42
TELEPHONE PLANT	19.38	18.41	17.52	16.51	16.39
WATER PLANT	0.35	0.32	0.31	0.29	0.27
STEAM PLANT	0.31	0.26	0.25	0.26	0.25
COMMON PLANT	1.16	1.05	0.93	0.88	0.77
TOTAL UTILITY PLANT	57.22	56.49	52.85	49.11	46.12
ACCUMULATED DEPRECIATION	14.20	12.93	11.95	10.93	10.03
NET UTILITY PLANT INVESTMENT	43.02	43.53	40.90	38.18	36.06
CASH	0.11	0.21	0.14	0.14	0.11
OTHER ASSETS	9.73	8.71	8.21	7.43	6.46
TOTAL ASSETS	$ 52.86	$ 52.45	$ 49.25	$ 45.75	$ 42.62
OWNER'S EQUITIES AND LIABILITIES					
BONDS	$ 14.30	$ 14.11	$ 13.56	$ 13.21	$ 12.54
OTHER LONG-TERM DEBT	4.26	3.73	3.29	2.59	2.44
PREFERRED STOCK	2.60	2.67	2.72	2.73	2.75
COMMON EQUITY	18.90	19.86	18.68	17.46	16.32
TOTAL CAPITALIZATION	40.06	40.37	38.26	35.98	34.06
CURRENT AND OTHER LIABILITIES	12.80	12.08	10.99	9.77	8.57
TOTAL OWNER'S EQUITIES AND LIABILITIES	$ 52.86	$ 52.45	$ 49.25	$ 45.75	$ 42.62

INCOME STATEMENT

	1987	1986	1985	1984	1983
UTILITY REVENUES					
ELECTRIC REVENUES	$ 10.40	$ 10.22	$ 10.48	$ 10.56	$ 9.85
GAS REVENUES	3.65	4.13	4.54	4.76	4.65
TELEPHONE REVENUES	9.77	9.43	9.05	8.65	7.51
WATER REVENUES	0.14	0.14	0.13	0.12	0.11
STEAM REVENUES	0.28	0.28	0.33	0.37	0.36
TOTAL REVENUES	24.24	24.19	24.52	24.48	22.49
OPERATING EXPENSES					
OPERATION AND MAINTENANCE EXPENSES	13.65	13.69	14.69	15.12	13.82
DEPRECIATION	2.19	1.83	1.74	1.57	1.53
INCOME TAXES	1.55	1.86	1.74	1.53	1.28
OTHER TAXES	3.24	3.14	3.03	3.10	2.90
TOTAL OPERATING EXPENSES	20.63	20.61	21.21	21.32	19.52
UTILITY OPERATING INCOME	3.61	3.58	3.31	3.16	2.97
NONUTILITY INCOME	0.59	0.95	1.10	0.99	0.77
TOTAL INCOME BEFORE INTEREST CHARGES	4.20	4.52	4.41	4.15	3.74
INTEREST CHARGES	1.70	1.67	1.56	1.47	1.36
NET EARNINGS BEFORE EXTRAORDINARY ITEMS	2.50	2.85	2.84	2.67	2.38
EXTRAORDINARY ITEMS	1.51-*	-	-	0.01	0.02-
NET EARNINGS	$ 0.98 *	$ 2.85	$ 2.85	$ 2.68	$ 2.35
DIVIDENDS PAID TO STOCKHOLDERS	1.85	1.89	1.77	1.63	1.75
EARNINGS REINVESTED IN THE BUSINESS	$ 0.87-*	$ 0.96	$ 1.08	$ 1.05	$ 0.61

*NO ADJUSTMENT WAS MADE CONCERNING THE WRITE OFF FOR THE COTENANTS OF THE NINE MILE NUCLEAR PLANT ON THIS STATEMENT

THE UTILITY INDUSTRY IN THE STATE OF NEW YORK
STATEMENT OF CHANGES IN FINANCIAL POSITION

	1987	1986	1985	1984	1983
			THOUSANDS		
SOURCES OF FUNDS					
INTERNAL:					
INCOME BEFORE EXTRAORDINARY ITEMS	$2,500,232	$2.865,984	$2,842,447	$2,673,373	$2,381,157
DEPRECIATION, DEPLETION, AND AMORTIZATION	2,269,908	1,969,296	1,831,912	1,619,629	1,597,959
DEF'D. INCOME TAXES & I.T.C'S. (NET)	438,804	715,595	821,425	742,710	594,277
INTEREST CAPITALIZED	(414,867)	(666,871)	(793,317)	(718,246)	(607,330)
OTHER (NET)	1,550,799	65,305	58,644	58,897	41,125
SUBTOTAL	6,344,876	4,949,309	4,761,111	4,376,363	4,007,188
EXTRAORDINARY ITEMS	(1,521,903)	929	2,968	7,636	(29,427)
TOTAL FUNDS - INTERNAL SOURCES	4,822,973	4,950,238	4,764,079	4,383,999	3,977,761
LESS DIVIDENDS: PREFERRED	128,990	139.678	153,975	203,075	215,361
COMMON	1,721,333	1,673,460	1,531,035	1,395,252	1,530,083
NET FUNDS - INTERNAL SOURCES	2,972,650	3,137,100	3,079,069	2,785,672	2,232,317
EXTERNAL:					
LONG TERM DEBT	1,313,833	2,761,716	1,933,888	1,285,656	1,723,432
PREFERRD STOCK	60,000	75,000	75,000	50,046	357,769
COMMON STOCK	115,267	108,400	360,884	442,340	561,234
NET INCREASE IN SHORT TERM DEBT	89,875	494,933	133,082	21,641	53,662
OTHER(NET)	87,324	221,133	(58,848)	52,104	182,107
TOTAL FUNDS - EXTERNAL SOURCES	1,666,299	3,661,182	2,444,006	1,851,787	2,878,204
OTHER:					
NET DECREASE IN WORKING CAPITAL	625,028	355,637	487,782	507,576	139,128
OTHER	378,107	349,944	21,032	125,717	112,761
TOTAL FUNDS PROVIDED	$5,642,084	$7,503,863	$6,031,889	$5,270,752	$5,362,410

THE UTILITY INDUSTRY IN THE STATE OF NEW YORK
STATEMENT OF CHANGES IN FINANCIAL POSITION

	1987	1986	1985	1984	1983
			THOUSANDS		
USES OF FUNDS					
CONSTRUCTION EXPENDITURES:					
ELECTRIC PLANT (EXCLUDING NUCLEAR)	$1,121,034	$1.272.317	$1,020,061	$1,122,966	$1,160,217
NUCLEAR PLANT	659,535	1,552,946	1,601,989	1,651,373	1,255,066
NUCLEAR FUEL	85,967	(427,173)	156,873	69,316	70,373
GAS PLANT	307,172	272,182	241,625	225,789	211,860
LIQUIFIED NATURAL GAS PLANT	7,218	6,447	8.738	4,245	1,556
STEAM PLANT	9,557	9,848	8,033	8,743	7,992
TELEPHONE PLANT	1,693,481	1,573,651	1,503,932	1,370,236	1,334,716
WATER PLANT	27,865	21,695	18,302	20,199	14,451
NON-UTILITY PLANT	768	899	257	271	302
OTHER	85,222	74,400	38,499	25,330	222,051
TOTAL CONSTRUCTION	3,997,819	4,357,212	4,598,309	4,498,468	4,278,584
LESS INTEREST CAPITALIZED	414,867	666,871	793.317	718,246	607,330
TOTAL EXCLUDING INTEREST CAPITALIZED	3,582,952	3,690,341	3,804,992	3,780,222	3,671,254
RETIREMENT OF SECUIRITIES:					
LONG TERM DEBT	650,608	1,483,715	919,884	314,115	411,855
PREFFERED STOCK	142,144	142,025	52,241	60,019	35,669
REDEMPTION OF CAPITAL STOCK	207,064	109,099	288,769	(406)	(892)
NET DECREASE IN SHORT TERM DEBT	166,987	11,488	83,964	398,753	505,450
OTHER (NET)	842	634,198	30,928	3,498	894
TOTAL RETIREMENT-DEBT & SECURITIES	1,167.645	2,380,525	1,375,786	775,979	952,976
OTHER USES:					
NET INCREASE IN WORKING CAPITAL	494,671	639,992	237,601	312,498	522,967
OTHER	396,816	793,008	613,510	402,053	215,213
TOTAL FUNDS APPLIED	$5,642,084	$7,5[illegible]3,866	$6,031,889	$5,270,752	$5,362,410

COMPOSITE STATEMENTS
BALANCE SHEET
ASSET SIDE
LIABILITY SIDE
STATEMENT OF CHANGES IN FINANCIAL POSITION
INCOME STATEMENT
STATE OF REVENUE, AND OPERATION AND MAINTENANCE
DISTRIBUTION OF REVENUES
STATEMENT OF UTILITY PLANT

Combination Gas and Electric Companies

TABLE 1C

COMPARATIVE BALANCE SHEET
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983
ASSETS AND OTHER DEBITS					
ELECTRIC UTILITY PLANT	$ 31,653,028,853	$ 32,365,590,609	$ 30,009,764,291	$ 27,565,172,641	$ 25,016,074,182
ACCUMULATED PROVISION FOR DEPR. AND AMORT	6,736,874,228	6,323,623,561	5,881,392,104	5,484,777,473	5,228,863,718
NET ELECTRIC UTILITY PLANT	24,916,154,626	26,041,967,048	24,128,372,187	22,080,395,168	19,787,210,464
GAS UTILITY PLANT	2,587,266,876	2,430,927,796	2,293,321,402	2,176,834,152	2,083,290,248
ACCUMULATED PROVISION FOR DEPR. AND AMORT	686,710,773	640,885,101	596,565,048	546,898,720	499,005,810
NET GAS UTILITY PLANT	1,900,556,103	1,790,042,695	1,696,756,354	1,629,935,432	1,584,284,438
OTHER UTILITY PLANT	1,476,461,134	1,309,781,967	1,180,009,433	1,136,548,153	1,018,944,656
ACCUMULATED PROVISION FOR DEPR. AND AMORT	371,070,741	324,304,193	295,797,804	278,220,198	265,136,537
NET OTHER UTILITY PLANT	1,105,390,392	985,477,774	884,211,629	858,327,955	753,808,119
TOTAL UTILITY PLANT	35,716,756,863	36,106,300,372	33,483,095,126	30,878,554,946	28,118,309,086
ACCUMULATED PROVISION FOR DEPR. AND AMORT	7,794,655,742	7,288,812,855	6,773,754,956	6,309,896,391	5,993,006,065
NET TOTAL UTILITY PLANT	27,922,101,121	28,817,487,517	26,709,340,170	24,568,658,555	22,125,303,021
NONUTILITY PROPERTY LESS ACCUM. PROVISION FOR DEPRECIATION AND AMORTIZATION	26,095,685	25,286,498	27,829,478	28,268,023	29,218,879
INVESTMENT IN ASSOCIATED COMPANIES	-	-	-	330,904	413,763
INVESTMENT IN SUBSIDIARY COMPANIES	546,778,478	402,869,231	148,333,461	139,322,190	123,640,378
OTHER INVESTMENTS	85,539,799	87,769,057	307,515,972	208,054,705	138,477,804
SPECIAL FUNDS	1,868,905	3,291,657	80,315,754	50,826,153	29,920,597
TOTAL OTHER PROPERTY AND INVESTMENTS	660,282,867	519,216,443	563,994,665	426,801,975	321,671,421
CASH	41,806,626	124,156,944	44,572,243	46,187,562	41,233,547
SPECIAL DEPOSITS	25,529,205	29,846,370	152,534,083	160,456,601	19,676,852
WORKING FUNDS	4,526,344	6,997,400	30,321,621	4,375,306	10,895,120
TEMPORARY CASH INVESTMENTS	683,313,007	1,141,712,304	902,955,900	843,760,903	883,259,682
NOTES • ACCOUNTS RECEIVABLE LESS ACCUM. PROVISION FOR UNCOLLECTIBLE ACCOUNTS	1,172,969,179	1,068,438,353	1,122,750,861	1,126,296,725	1,116,495,793
RECEIVABLES FROM ASSOCIATED COMPANIES	14,346,536	15,914,895	8,203,178	8,918,724	7,685,154
MATERIALS AND SUPPLIES	659,716,179	490,927,453	653,815,563	733,645,887	656,552,290
GAS STORED UNDERGROUND-CURRENT	73,333,771	153,516,747	63,916,183	77,209,150	83,416,656
LIQUEFIED NATURAL GAS IN STORAGE	7,806,054	8,616,687	7,923,781	7,098,694	6,247,302
PREPAYMENTS	162,545,329	128,723,974	117,380,267	107,123,960	88,299,096
OTHER CURRENT AND ACCRUED ASSETS	87,290,870	67,915,355	83,398,618	88,511,945	68,565,025
TOTAL CURRENT AND ACCRUED ASSETS	2,933,183,100	3,238,766,481	3,187,772,299	3,203,585,457	2,982,326,517
UNAMORTIZED DEBT EXPENSE	299,096,874	279,498,712	196,260,882	141,755,143	92,740,164
EXTRAORDINARY PROPERTY LOSSES	279,158,935	266,864,258	186,405,792	175,081,494	148,631,299
PRELIMINARY SURVEY • INVESTIGATION CHARGES	17,973,039	5,571,817	3,834,647	7,243,793	7,518,291
CLEARING ACCOUNTS	811,453	2,269,198	3,053,581	3,354,552	5,219,562
DEFERRED LOSSES FROM DISP. OF UTILITY PLT	562,207	-	-	-	-
RESEARCH AND DEVELOPMENT	8,653,889-	9,331,217-	24,003,771-	14,635,120-	710,119-
ACCUMULATED DEFERRED INCOME TAXES	496,806,224	195,319,218	125,982,149	163,272,955	133,526,424
OTHER DEFERRED DEBITS	1,239,978,795	488,569,896	479,747,374	286,342,095	274,842,067
TOTAL DEFERRED DEBITS	2,325,733,638	1,228,761,882	971,280,654	762,414,912	661,767,688
TOTAL ASSETS AND OTHER DEBITS	$ 33,841,300,727	$ 33,802,232,323	$ 31,432,387,788	$ 28,961,460,899	$ 26,091,068,647

TABLE 2C

COMPARATIVE BALANCE SHEET AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983
LIABILITIES AND OTHER CREDITS					
COMMON STOCK ISSUED	$ 2,075,768,520	$ 2,124,744,323	$ 2,066,892,324	$ 2,040,892,370	$ 1,937,200,589
PREFERRED STOCK ISSUED	2,903,385,885	2,872,606,971	2,801,488,681	2,607,363,314	2,621,788,319
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-
PREMIUM ON CAPITAL STOCK	3,923,737,209	3,879,618,859	3,872,637,917	3,676,109,680	3,405,146,111
OTHER PAID-IN CAPITAL	417,661,961	387,517,892	387,982,871	366,953,498	384,889,913
INSTALLMENTS RECEIVED ON CAPITAL STOCK	96,259	100,666	107,481	342,890	337,245
CAPITAL STOCK EXPENSE	138,886,595-	135,125,263-	134,499,242-	133,624,906-	132,326,826-
RETAINED EARNINGS	5,144,130,212	5,422,852,258	5,804,030,288	5,040,972,570	4,156,906,404
UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS	132,801,340	99,441,086	86,161,792	72,180,171	64,058,775
REACQUIRED CAPITAL STOCK	60,881,373-	25,701,260-	7,863,963-	1,854,284-	4,147,600-
TOTAL PROPRIETARY CAPITAL	14,019,554,408	15,305,855,561	14,856,747,739	13,669,345,301	12,413,624,930
BONDS(LESS BONDS REACQUIRED)	9,303,034,500	9,528,092,500	9,132,020,900	8,745,419,500	8,139,062,500
ADVANCES FROM ASSOCIATED COMPANIES	-	-	-	-	-
OTHER LONG-TERM DEBT	3,917,222,682	3,303,433,566	2,830,012,244	2,188,711,466	1,817,779,684
NET UNAMORTIZED PREMIUM AND DISCOUNT	29,658,172-	30,422,217-	9,283,272-	9,014,566-	6,024,050-
TOTAL LONG-TERM DEBT	13,190,599,010	12,801,103,849	11,952,749,872	10,925,116,400	9,950,818,134
NOTES PAYABLE	106,505,000	250,612,500	127,800,000	111,150,000	212,350,000
ACCOUNTS PAYABLE	958,306,782	529,697,084	661,089,682	718,530,934	711,367,093
PAYABLES TO ASSOCIATED COMPANIES	3,635,438	3,412,882	2,770,613	3,475,427	1,954,839
CUSTOMER DEPOSITS	168,196,602	160,544,939	147,544,649	129,771,860	111,924,529
TAXES ACCRUED	203,294,685	284,591,882	248,866,677	263,680,198	277,182,580
INTEREST ACCRUED	286,096,957	274,401,121	272,431,781	252,629,026	215,002,277
DIVIDENDS DECLARED	34,668,628	44,907,382	44,743,158	43,715,673	93,123,905
TAX COLLECTIONS PAYABLE	36,834,313	36,773,981	38,218,051	42,277,688	38,780,279
OTHER CURRENT AND ACCRUED LIABILITIES	662,721,568	690,117,033	484,072,221	377,902,049	348,242,058
TOTAL CURRENT AND ACCRUED LIABILITIES	2,055,358,571	2,154,199,384	2,049,104,232	2,032,823,295	2,010,917,540
CUSTOMER ADVANCES FOR CONSTRUCTION	20,166,286	15,878,747	13,821,434	11,161,873	8,410,201
DEFERRED GAINS FROM DISP. OF UTILITY PLT	-	-	-	-	-
ACCUM. DEFERRED INVESTMENT TAX CREDITS	807,595,915	876,062,223	894,073,477	868,590,017	834,044,053
OTHER DEFERRED CREDITS	949,784,028	972,563,234	453,976,667	305,403,796	198,988,568
ACCUMULATED DEFERRED INCOME TAXES:					
ACCELERATED AMORTIZATION	7,648,799	7,849,911	9,979,714	12,437,120	15,796,782
LIBERALIZED DEPRECIATION	1,944,820,253	1,609,891,799	979,509,040	783,147,943	600,513,389
OTHER	809,548,868	336,139,686	286,491,120	290,887,081	238,599,905
TOTAL DEFERRED CREDITS	4,539,399,148	3,807,376,870	2,749,911,482	2,301,617,810	1,896,352,938
PROPERTY INSURANCE RESERVE	1,450,920	1,204,766	909,036	839,982	1,619,072
INJURIES AND DAMAGES RESERVE	30,030,049	26,530,029	21,861,406	19,614,291	20,505,373
PENSIONS AND BENEFITS RESERVE	2,149,716	1,808,824	2,097,539	1,679,971	1,232,996
MISCELLANEOUS OPERATING RESERVES	2,762,907	4,194,240	993,088-	10,323,780	2,003,336-
TOTAL OPERATING RESERVES	36,402,592	33,737,859	23,874,883	32,458,133	21,355,105
TOTAL LIABILITIES AND OTHER CREDITS	$ 33,041,300,727	$ 33,802,232,323	$ 31,432,287,788	$ 28,981,480,890	$ 26,091,088,047
SELECTED BALANCE SHEET RELATIONSHIPS					
CURRENT ASSETS / CURRENT LIABILITIES	1.43	1.50	1.56	1.58	1.48
PERCENT OF CAPITALIZATION:					
LONG-TERM DEBT	48.4	45.5	44.9	44.4	44.4
PREFERRED STOCK	9.2	9.1	9.7	10.6	11.7
COMMON STOCK + OTHER PAID-IN CAPITAL	23.4	22.4	23.4	24.4	25.1
RETAINED EARNINGS	16.9	22.8	21.8	20.4	18.5
LONG-TERM DEBT % OF GROSS UTILITY PLANT	36.9	35.4	35.6	35.3	35.3
ACCUM PROVISION FOR DEPR. % OF UTILITY PLT	21.8	20.1	20.2	20.4	21.3

TABLE 3C

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983
		SOURCES OF FUNDS			
INTERNAL					
NET INCOME	$ 1,373,795,770	$ 1,715,828,774	$ 1,915,780,576	$ 1,812,342,871	$ 1,572,483,678
DEPRECIATION AND AMORTIZATION	810,120,975	784,921,410	781,723,190	671,123,587	647,503,908
DEFERRED INCOME TAXES (NET)	473,387,227	485,463,221	509,500,520	455,090,664	244,186,598
INTEREST CAPITALIZED	354,494,408-	615,156,606-	739,204,440-	670,107,354-	564,156,170-
OTHER (NET)	1,547,405,680	61,384,956	54,221,698	56,134,881	38,521,987
SUBTOTAL	3,850,215,249	2,432,441,755	2,522,021,544	2,323,584,649	1,938,540,001
EXTRAORDINARY ITEMS	1,526,497,139-	-	-	-	-
TOTAL FUNDS - INTERNAL SOURCES	2,323,718,110	2,432,441,755	2,522,021,544	2,323,584,649	1,938,540,001
LESS DIVIDENDS PREFERRED	121,138,124	128,926,407	143,074,197	191,984,216	204,132,141
COMMON	818,608,628	856,869,715	803,370,096	728,151,738	822,185,511
NET FUNDS - INTERNAL SOURCES	1,383,971,358	1,446,655,633	1,575,577,251	1,403,448,694	912,222,349
EXTERNAL					
LONG TERM DEBT	860,898,124	2,434,295,809	1,744,268,610	1,162,657,451	1,240,163,613
PREFERRED STOCK	55,000,000	75,000,000	75,000,000	50,000,000	256,768,990
COMMON STOCK	96,159,386	90,994,521	315,218,931	372,413,549	608,747,966
NET INCREASE IN SHORT TERM DEBT	18,500,000	471,092,268	62,700,000	-	33,750,000
OTHER (NET)	78,248,586	53,633,231	59,823,279-	38,265,878-	178,590,669
TOTAL FUNDS - EXTERNAL SOURCES	1,108,806,077	3,125,015,829	2,137,364,262	1,546,805,122	2,318,021,238
OTHER SOURCES					
NET DECREASE IN WORKING CAPITAL	481,641,497	294,841,413	171,613,395	198,015,038	9,942,102
OTHER	284,342,281	326,596,593	5,845,185	122,169,712	90,847,840
TOTAL FUNDS PROVIDED	$ 3,258,761,213	$ 5,193,109,268	$ 3,890,400,093	$ 3,270,438,566	$ 3,331,033,529
		USES OF FUNDS			
CONSTRUCTION EXPENDITURES					
ELECTRIC PLANT	$ 1,121,034,316	$ 1,272,316,559	$ 1,020,060,609	$ 1,122,986,926	$ 1,160,216,875
NUCLEAR PLANT	659,534,759	1,552,945,752	1,601,988,770	1,651,372,584	1,256,066,348
NUCLEAR FUEL	85,907,398	427,173,790-	156,873,357	89,316,194	70,372,912
GAS PLANT	172,987,756	155,174,616	125,906,305	123,370,797	118,075,503
LIQUEFIED NATURAL GAS PLANT	5,028,100	2,760,752	603,205	379,441	716,989
STEAM PLANT	9,967,452	9,848,322	8,033,493	8,743,018	7,991,762
NON-UTILITY PLANT	54,580	18,038	17,961	34,625	-
OTHER	84,935,294	73,838,064	38,314,182	25,153,229	221,816,963
TOTAL CONSTRUCTION	2,139,099,662	2,639,728,313	2,951,857,122	3,001,335,754	2,834,257,352
LESS INTEREST CAPITALIZED	354,494,408	615,156,606	739,204,440	670,107,354	564,156,170
TOTAL EXCLUDING INTEREST CAPITALIZED	1,784,605,254	2,024,571,707	2,212,652,682	2,331,228,400	2,270,101,182
RETIREMENT OF SECURITIES					
LONG TERM DEBT	527,057,963	1,292,243,087	714,838,639	214,459,852	358,616,119
PREFERRED STOCK	139,377,019	116,893,687	49,639,723	57,586,007	31,916,370
REDEMPTION OF CAPITAL STOCK	204,098,229	109,830,318	289,337,811	-	-
NET DECREASE IN SHORT TERM DEBT	162,607,900	7,700,000	46,050,000	101,200,000	67,900,000
OTHER (NET)	-	634,091,959	28,000,000	-	-
TOTAL RETIREMENT OF SECURITIES	1,033,141,211	2,160,759,051	1,127,866,173	373,245,859	458,432,489
OTHER USES					
NET INCREASE IN WORKING CAPITAL	147,744,161	451,880,150	122,228,678	291,195,398	470,907,552
OTHER	293,270,587	563,898,360	427,652,560	274,769,109	131,592,306
TOTAL FUNDS APPLIED	$ 3,258,761,213	$ 5,193,109,268	$ 3,890,400,093	$ 3,270,438,566	$ 3,331,033,529

COMPARATIVE INCOME STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS FOR THE YEARS ENDED DECEMBER 31

TABLE 4C

ITEM	1987	1986	1985	1984	1983
COMPARATIVE INCOME STATEMENTS					
ELECTRIC UTILITY OPERATING INCOME					
OPERATING REVENUES	$ 10,398,873,226	$ 10,217,528,088	$ 10,476,542,771	$ 10,563,784,310	$ 9,853,074,822
OPERATION AND MAINTENANCE EXPENSE	5,204,205,144	5,116,242,557	5,634,078,978	6,009,031,134	5,783,107,997
DEPRECIATION EXPENSE	624,941,174	602,269,840	573,518,468	514,749,202	481,862,615
AMORTIZATION	41,318,771	45,132,104	48,459,248	32,715,914	33,221,591
TAXES OTHER THAN INCOME TAXES-OPERATING	1,636,474,025	1,568,222,522	1,505,065,414	1,450,201,961	1,347,230,567
INCOME TAXES-OPERATING	972,061,393	1,056,483,254	928,950,019	879,686,943	685,355,652
GAINS/LOSSES FROM DISP OF ELECTRIC PLANT	1,327,134	41,613-	242,885-	745,478-	584,505-
TOTAL OPERATING EXPENSES	8,479,327,640	8,388,308,764	8,689,829,237	8,885,639,667	8,329,993,917
NET OPERATING REVENUES	1,919,545,585	1,829,219,324	1,786,713,534	1,678,144,643	1,523,080,905
INC.- LEASED PLT. & OTHER OPER. INC.	155,689	49,223	46,583	7,189-	-
ELECTRIC UTILITY OPERATING INCOME	1,919,701,274	1,829,268,547	1,786,760,117	1,678,137,454	1,523,080,905
GAS UTILITY OPERATING INCOME					
OPERATING REVENUES	2,008,357,651	2,228,321,656	2,476,310,855	2,607,459,612	2,521,647,184
OPERATION AND MAINTENANCE EXPENSE	1,438,091,210	1,639,642,166	1,883,733,122	2,007,786,443	1,992,799,746
DEPRECIATION EXPENSE	69,343,610	66,972,512	70,903,161	67,161,330	60,056,226
AMORTIZATION	2,014,076	3,440,570	1,608,300	1,712,524	1,836,141
TAXES OTHER THAN INCOME TAXES-OPERATING	265,992,747	256,483,202	257,360,592	250,672,970	234,163,037
INCOME TAXES-OPERATING	67,973,942	64,977,184	76,205,034	82,266,262	57,026,729
GAINS/LOSSES FROM DISP OF GAS PLANT	73,119-	73,119-	-	-	-
TOTAL OPERATING EXPENSES	1,830,342,464	2,030,442,515	2,289,810,187	2,409,599,529	2,345,880,878
NET OPERATING REVENUES	178,015,187	197,879,141	186,500,668	197,860,083	175,766,306
INCOME FROM GAS PLANT LEASED TO OTHERS	-	-	-	-	-
GAS UTILITY OPERATING INCOME	178,015,187	197,879,141	186,500,668	197,860,083	175,766,306
OTHER UTILITY OPERATING INCOME	25,023,207	23,319,678	18,471,386	25,474,823	19,487,741
TOTAL UTILITY OPERATING INCOME	2,122,739,668	2,050,467,366	1,991,732,171	1,901,472,360	1,718,334,952
OTHER INCOME					
MERCH., JOBBING & CONTRACT WORK	81,905	53,160-	46,837-	146,100	112,973-
INCOME FROM NONUTILITY OPERATIONS	-	-	-	-	-
NONOPERATING RENTAL INCOME	590,966	525,238	297,911	110,708	16,539-
EQUITY IN EARNINGS OF SUBSIDIARY COS	33,989,548	14,281,721	15,666,965	11,085,457	14,594,036
INTEREST AND DIVIDEND INCOME	63,153,168	84,743,000	106,232,321	110,359,614	81,331,278
ALLOWANCE FOR CONSTRUCTION FUNDS	357,222,788	625,025,046	779,389,286	670,107,355	564,166,170
MISCELLANEOUS NONOPERATING INCOME	12,321,248	7,702,940	808,514	19,813,224	2,767,471
GAIN ON DISPOSITION OF PROPERTY	1,510,368	1,903,835	1,195,805	879,653	227,048
TOTAL OTHER INCOME	468,449,708	734,218,620	903,543,967	812,502,169	642,946,491
TOTAL INCOME	2,591,189,376	2,784,685,986	2,895,276,138	2,713,974,529	2,361,281,443
INCOME DEDUCTIONS					
TAXES OTHER THAN INC. TAXES-NONOPERATING	1,889,174	2,739,992	2,906,104	1,507,006-	1,516,531
INCOME TAXES-NONOPERATING	167,905,864-	160,695,936-	139,589,657-	141,647,885-	90,196,069-
LOSS ON DISPOSITION OF PROPERTY	66,511,093	578,903	8,412,514	95,744	162,404
MISCELLANEOUS AMORTIZATION	1,364,288	699,791	712,316	1,611,120	2,108,476
MISCELLANEOUS INCOME DEDUCTIONS	63,735,249	28,535,662	7,965,836	42,197,684	16,141,970
TOTAL INCOME DEDUCTIONS	35,407,064-	128,141,598-	119,592,888-	99,350,343-	72,266,688-
INCOME BEFORE INTEREST CHARGES	2,626,596,430	2,912,827,584	3,014,869,026	2,813,324,872	2,433,548,131
INTEREST CHARGES					
INTEREST ON LONG-TERM DEBT	1,187,195,348	1,143,473,602	1,036,466,681	932,828,043	799,256,158
AMORT OF DEBT DISCOUNT AND EXPENSE	29,274,595	20,447,920	21,045,993	14,552,127	8,766,803
AMORT OF PREMIUM ON DEBT-CREDIT	789,566-	832,003-	870,001-	906,144-	986,480-
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	1,364,840	-
OTHER INTEREST EXPENSE	37,120,280	49,909,201	43,445,777	53,152,134	54,006,952
TOTAL INTEREST CHARGES	1,252,800,655	1,212,998,810	1,099,088,450	1,000,982,000	861,064,453
INCOME BEFORE EXTRAORDINARY ITEMS	1,373,795,775	1,699,828,774	1,915,780,576	1,812,342,872	1,572,483,678
EXTRAORDINARY ITEMS - NET	1,526,497,139-	-	-	-	-
NET INCOME	$ 152,701,364-	$ 1,699,828,774	$ 1,915,780,576	$ 1,812,342,872	$ 1,572,483,678
DIVIDENDS DECLARED-PREFERRED STOCK	$ 121,138,124	$ 129,926,407	$ 143,074,197	$ 191,984,217	$ 204,132,142
-COMMON STOCK	818,606,626	895,059,715	803,370,096	728,191,730	822,105,511
SELECTED INCOME ACCOUNT RELATIONSHIPS					
ELECTRIC OPERATING REVENUES					
% OF TOTAL OPERATING REVENUES	81.9	80.3	78.8	77.9	77.3
ELECTRIC OPERATING INCOME	18.4	17.9	17.0	15.8	15.4
GAS OPERATING REVENUES					
% OF TOTAL OPERATING REVENUES	15.8	17.5	18.6	19.2	19.7
GAS OPERATING INCOME	8.8	8.8	7.5	7.5	6.9
NET INCOME-PERCENT OF OPERATING REVENUES	10.4 *	13.3	14.4	13.3	12.3
PRETAX COVERAGE OF INTEREST CHARGES	2.8	2.2	3.4	3.4	3.4
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	83.3*	57.4	47.5	45.9	60.0
RETURN ON COMMON EQUITY	10.7*	12.0	14.6	15.1	14.7

*Ratios shown here are based on what the income would have been before the Nine-Mile 2 Plant write-off. See the Table "NINE-MILE 2 AND OTHER WRITE-OFFS" in the Electric Narrative Section for the impact on Net Income.

TABLE 5C

COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
YEARS ENDING DECEMBER 31

ITEM	1987	1986	1985	1984	1983
ELECTRIC OPERATING REVENUES					
REVENUES					
RESIDENTIAL	$ 3,655,564,661	$ 3,509,933,077	$ 3,50 ,067,277	$ 3,483,373,042	$ 3,279,767,299
COMMERCIAL AND INDUSTRIAL	5,633,935,258	5,611,055,657	5,675,506,987	5,664,247,631	5,316,537,253
PUBLIC STREET AND HIGHWAY LIGHTING	88,335,290	88,442,322	88,035,211	85,759,650	81,048,611
OTHER PUBLIC AUTHORITIES	216,337,247	212,630,375	206,575,994	200,319,147	185,621,123
RAILROADS AND RAILWAYS	6,623,455	5,647,906	6,993,059	9,541,856	12,803,428
INTERDEPARTMENTAL	2,146,014	2,073,599	2,066,045	1,882,938	1,786,816
TOTAL REVENUES - ULTIMATE CONSUMERS	9,602,931,925	9,429,782,936	9,483,244,573	9,445,124,264	8,877,564,530
RESALE	418,950,501	360,885,893	663,875,971	834,584,116	698,462,223
TOTAL REVENUES FROM ELECTRIC SALES	10,021,882,426	9,790,668,829	10,147,120,544	10,279,708,380	9,576,026,753
OTHER ELECTRIC OPERATING REVENUES	376,990,799	426,859,259	329,422,228	284,075,930	277,048,069
TOTAL ELECTRIC OPERATING REVENUES	$ 10,398,873,225	$ 10,217,528,088	$ 10,476,542,772	$ 10,563,784,310	$ 9,853,074,822
KILOWATT-HOUR SALES (THOUSANDS)					
RESIDENTIAL	33,868,765	32,388,539	31,424,464	31,524,329	30,791,601
COMMERCIAL AND INDUSTRIAL	65,568,655	63,329,189	61,562,404	60,790,013	58,500,414
PUBLIC STREET AND HIGHWAY LIGHTING	600,621	600,476	606,331	617,664	627,158
OTHER PUBLIC AUTHORITIES	2,681,891	2,601,833	2,588,771	2,488,381	2,442,415
RAILROADS AND RAILWAYS	57,576	52,826	56,478	73,281	104,172
INTERDEPARTMENTAL	33,961	30,440	33,792	31,785	33,119
TOTAL SALES TO ULTIMATE CONSUMERS	102,821,467	99,003,302	95,272,241	95,525,474	92,498,878
SALES NY POWER ATH CUSTOMERS	7,811,645	7,496,589	7,097,733	6,958,445	6,732,567
MUNICIPAL DIST AGENCY SALES	1,355,146	1,225,376	407,726	-	-
TOTAL SALES - FRANCHISE AREA	111,988,258	107,725,266	103,777,700	102,483,919	99,231,445
RESALE	13,628,226	11,968,583	17,120,055	18,502,842	15,014,089
TOTAL KILOWATT-HOUR SALES	125,616,484	119,693,849	120,897,755	120,986,760	114,245,533
CUSTOMERS-AVERAGE PER MONTH					
RESIDENTIAL	5,932,790	5,864,252	5,801,446	5,741,280	5,685,300
COMMERCIAL AND INDUSTRIAL	761,378	738,824	719,534	704,976	695,649
PUBLIC STREET AND HIGHWAY LIGHTING	9,103	8,961	9,409	9,190	8,989
OTHER PUBLIC AUTHORITIES	15,548	15,251	14,763	14,413	14,503
RAILROADS AND RAILWAYS	4	4	4	4	4
INTERDEPARTMENTAL	4	3	3	3	3
TOTAL ULTIMATE CONSUMERS	6,718,827	6,627,294	6,545,159	6,469,866	6,404,448
RESALE	187	184	185	183	185
TOTAL CUSTOMERS	6,719,014	6,627,478	6,545,344	6,470,049	6,404,633
OPERATING REVENUE RELATIONSHIPS					
RESIDENTIAL SALES					
AVERAGE ANNUAL BILL PER CUSTOMER	$ 616.16	$ 598.53	$ 604.00	$ 606.72	$ 576.89
AVERAGE KWH CONSUMPTION PER CUSTOMER	5,709	5,523	5,417	5,491	5,416
AVERAGE REVENUE PER KWH SOLD (CENTS)	10.79	10.84	11.15	11.05	10.65
COMMERCIAL AND INDUSTRIAL SALES					
AVERAGE ANNUAL BILL PER CUSTOMER	$ 7,399.66	$ 7,594.58	$ 7,887.75	$ 8,034.67	$ 7,642.56
AVERAGE KWH CONSUMPTION PER CUSTOMER	86,118	85,716	85,559	86,230	84,095
AVERAGE REVENUE PER KWH SOLD (CENTS)	8.59	8.86	9.22	9.32	9.09
ELECTRIC OPERATION AND MAINTENANCE EXPENSES					
POWER PRODUCTION EXPENSES					
STEAM POWER					
FUEL	$ 1,771,353,818	$ 1,636,213,936	$ 2,257,648,148	$ 2,585,656,346	$ 2,570,890,615
OTHER	464,481,023	435,095,243	407,620,366	355,239,875	354,296,335
TOTAL STEAM POWER EXPENSES	2,235,834,841	2,071,309,178	2,665,268,514	2,940,896,221	2,925,186,950
NUCLEAR POWER					
FUEL	68,467,288	66,229,956	106,642,810	55,835,331	97,026,882
OTHER	164,195,940	146,096,804	108,027,192	156,306,617	102,382,860
TOTAL NUCLEAR POWER EXPENSES	232,663,228	212,326,760	214,670,002	212,141,948	199,409,742
HYDRAULIC POWER					
WATER FOR POWER	4,654,525	4,639,967	2,930,901	4,452,609	4,496,633
OTHER	12,325,159	15,128,968	15,336,907	15,468,673	14,502,518
TOTAL HYDRAULIC POWER EXPENSES	16,979,684	19,768,935	18,267,808	19,921,282	18,999,151
OTHER POWER GENERATION					
FUEL	43,657,018	41,092,906	33,059,629	45,744,260	32,614,292
OTHER	40,918,460	38,710,774	34,577,372	33,883,550	41,043,573
TOTAL OTHER POWER GENERATION EXPENSE	84,575,478	79,803,680	67,637,001	79,627,810	73,657,865
OTHER POWER SUPPLY EXPENSES					
PURCHASED POWER	913,437,061	1,045,968,352	1,103,428,526	1,277,200,256	1,134,178,719
OTHER	26,854,975	21,523,506	19,101,581	15,797,538	14,625,569
TOTAL OTHER POWER SUPPLY EXPENSES	940,292,036	1,067,491,858	1,122,530,107	1,292,997,794	1,148,804,288
TOTAL POWER PRODUCTION EXPENSES	3,510,345,267	3,450,700,411	4,088,373,432	4,545,585,055	4,366,057,996
TRANSMISSION EXPENSES	179,396,971	170,038,810	162,973,709	154,010,796	140,892,610
DISTRIBUTION EXPENSES	493,784,902	465,895,217	436,532,011	403,424,190	407,140,423
CUSTOMER ACCOUNTS EXPENSES	253,699,738	254,340,492	250,832,209	253,701,200	241,131,720
SALES EXPENSES	51,642,135	42,817,027	30,067,260	32,881,617	31,117,832
ADMINISTRATIVE AND GENERAL	715,337,129	732,450,595	666,310,359	619,428,276	595,767,416
TOTAL O & M EXPENSES	$ 5,204,206,144	$ 5,116,242,557	$ 5,634,078,975	$ 6,009,031,134	$ 5,783,107,997

TABLE 6C.

COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983
GAS OPERATING REVENUES					
REVENUES					
RESIDENTIAL	$ 1,199,366,605	$ 1,310,910,547	$ 1,270,798,753	$ 1,314,865,417	$ 1,297,991,434
COMMERCIAL AND INDUSTRIAL	656,406,314	803,190,260	991,173,897	1,031,002,993	995,869,137
OTHER SALES TO PUBLIC AUTHORITIES	54,223,901	65,421,437	72,985,045	83,953,528	86,211,002
INTERDEPARTMENTAL	37,457,662	7,537,590	83,856,648	124,439,634	97,015,456
TOTAL REVENUES - ULTIMATE CONSUMERS	1,947,454,482	2,187,059,834	2,418,814,343	2,554,261,572	2,477,087,029
RESALE	15,950,433	16,970,788	21,623,995	22,226,016	18,673,356
TOTAL REVENUES FROM SALES OF GAS	1,963,404,915	2,204,030,622	2,440,438,338	2,576,487,588	2,495,760,385
OTHER GAS OPERATING REVENUES	44,952,735	24,291,034	35,872,517	30,972,025	25,886,799
TOTAL GAS OPERATING REVENUES	2,008,357,651	2,228,321,656	2,476,310,855	2,607,459,613	2,521,647,184
GAS SALES(MCF):					
RESIDENTIAL	178,615,439	180,202,784	172,006,995	179,060,511	169,737,930
COMMERCIAL AND INDUSTRIAL	123,538,107	143,605,193	173,975,353	176,071,522	162,181,551
OTHER SALES TO PUBLIC AUTHORITIES	10,929,038	12,043,910	12,371,171	13,946,037	13,625,259
INTERDEPARTMENTAL	12,014,494	1,384,877	19,552,316	27,135,691	22,199,137
TOTAL SALES TO ULTIMATE CONSUMERS	325,097,080	337,236,767	377,905,836	396,213,764	367,743,879
RESALE	5,307,833	4,337,637	5,379,936	5,274,439	4,126,372
TOTAL GAS SALES	330,404,913	341,574,404	383,285,772	401,488,203	371,870,251
CUSTOMERS-AVERAGE PER MONTH					
RESIDENTIAL	2,201,357	2,184,832	2,172,952	2,160,881	2,150,475
COMMERCIAL AND INDUSTRIAL	207,845	202,280	196,735	192,780	189,762
OTHER SALES TO PUBLIC AUTHORITIES	4,116	3,976	3,856	3,741	3,719
INTERDEPARTMENTAL	4	3	2	2	2
TOTAL ULTIMATE CONSUMERS	2,413,322	2,391,090	2,373,545	2,357,404	2,343,978
RESALE	5	5	5	5	5
TOTAL CUSTOMERS	2,413,327	2,391,095	2,373,550	2,357,409	2,343,983
GAS OPERATING REVENUE RELATIONSHIPS					
RESIDENTIAL SALES:					
AVERAGE ANNUAL BILL PER CUSTOMER	$ 544.83	$ 600.01	$ 584.83	$ 608.49	$ 603.58
AVERAGE MCF CONSUMPTION PER CUSTOMER	81.1	82.5	79.2	82.9	78.9
AVERAGE REVENUE PER MCF SOLD	$ 6.71	$ 7.27	$ 7.39	$ 7.34	$ 7.65
COMMERCIAL AND INDUSTRIAL SALES:					
AVERAGE ANNUAL BILL PER CUSTOMER	$ 3,158.15	$ 3,970.69	$ 5,038.12	$ 5,348.08	$ 5,247.44
AVERAGE MCF CONSUMPTION PER CUSTOMER	594.4	709.9	884.3	913.3	854.6
AVERAGE REVENUE PER MCF SOLD	$ 5.31	$ 5.59	$ 5.70	$ 5.86	$ 6.14
GAS OPERATION AND MAINTENANCE EXPENSES					
PRODUCTION EXPENSES:					
MANUFACTURED GAS					
STEAM	$ 148,454	$ 81,472	$ 144,399	$ 165,470	$ 215,919
MANUFACTURED GAS	1,688,106	1,666,393	1,735,230	1,237,637	1,304,260
NATURAL GAS					
PRODUCTION AND GATHERING	55,800	42,535	48,045	78,121	86,610
OTHER GAS SUPPLY EXPENSES					
PURCHASED GAS	1,341,087,930	1,447,110,374	1,897,761,439	2,102,731,764	2,000,746,348
OTHER	325,565,078-	212,538,070-	387,355,648-	487,561,723-	366,887,940-
TOTAL PRODUCTION EXPENSES	1,017,416,212	1,236,362,704	1,512,333,465	1,616,651,269	1,635,465,197
NATURAL GAS STORAGE EXPENSES:					
UNDERGROUND STORAGE EXPENSES	1,431,151	1,519,321	1,763,251	1,779,794	1,778,837
OTHER STORAGE EXPENSES	4,994,924	4,917,512	4,713,287	4,493,514	4,197,491
TOTAL NATURAL GAS STORAGE EXPENSES	6,426,075	6,436,833	6,476,538	6,273,308	5,976,328
TRANSMISSION EXPENSES	11,243,618	11,477,424	13,091,199	7,342,637	6,657,722
DISTRIBUTION EXPENSES	184,758,704	176,490,403	168,140,524	158,011,384	157,289,981
CUSTOMER ACCOUNTS EXPENSES	67,256,330	67,536,660	66,950,759	68,588,697	65,728,097
SALES EXPENSES	14,098,023	12,219,107	10,484,161	10,994,009	9,388,053
ADM. & GENERAL EXPENSES	133,892,248	129,119,035	106,256,470	139,925,131	112,294,367
TOTAL GAS O & M EXPENSES	$ 1,435,091,210	$ 1,639,642,166	$ 1,883,733,122	$ 2,007,786,443	$ 1,992,799,745

THIS TABLE INCLUDES GAS DATA FOR COMBINATION COMPANIES. SEE TABLE 5G. FOR SIMILAR DATA ON STRAIGHT GAS COMPANIES.

TABLE 7C

DISTRIBUTION OF ELECTRIC REVENUES FROM ULTIMATE CONSUMERS
YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983
REVENUES - ULTIMATE CONSUMERS***	$ 9,683,235,848	$ 9,564,425,082	$ 9,604,780,184	$ 9,565,462,296	$ 8,996,370,954
SALES-ULTIMATE CONSUMERS (000 KWH)***	102,441,492	98,628,175	96,272,241	95,525,474	92,498,878
DOLLAR AMOUNTS					
FUEL AND PURCHASED POWER	$ 2,468,001,278	$ 2,504,814,368	$ 2,967,417,349	$ 3,290,746,303	$ 3,264,469,395
WAGES AND BENEFITS	1,288,905,714	1,279,089,177	1,240,475,064	1,184,568,044	1,108,241,751
OTHER OPERATION AND MAINTENANCE EXPENSES	996,485,504	930,627,174	803,586,571	782,562,388	768,782,281
DEPRECIATION AND AMORTIZATION EXPENSES	642,107,666	624,625,798	606,066,050	535,501,956	502,635,575
INCOME TAXES - OPERATING	943,075,770	1,021,412,546	905,013,627	860,504,051	666,385,975
OTHER TAXES - OPERATING	1,554,529,858	1,490,887,693	1,450,361,055	1,407,585,492	1,306,814,084
*INTEREST CHARGES **	903,828,036	795,215,618	658,658,858	577,651,483	521,299,488
*PREFERRED DIVIDENDS **	135,132,779	112,454,233	125,384,230	127,798,639	114,633,638
EARNINGS AVAILABLE FOR COMMON EQUITY	751,169,245	805,298,476	847,817,377	798,543,941	743,108,767
TOTAL	$ 9,683,235,848	$ 9,564,425,082	$ 9,604,780,184	$ 9,565,462,296	$ 8,996,370,954
PERCENT OF REVENUES - ULTIMATE CONSUMERS					
FUEL AND PURCHASED POWER	25.5	26.2	30.9	34.4	36.3
WAGES AND BENEFITS	13.3	13.4	12.9	12.4	12.3
OTHER OPERATION AND MAINTENANCE EXPENSES	10.3	9.7	8.4	8.2	8.5
DEPRECIATION AND AMORTIZATION EXPENSES	6.6	6.5	6.3	5.6	5.6
INCOME TAXES - OPERATING	9.7	10.7	9.4	9.0	7.4
OTHER TAXES - OPERATING	16.1	15.6	15.1	14.7	14.5
*INTEREST CHARGES **	9.3	8.3	6.9	6.0	5.8
*PREFERRED DIVIDENDS **	1.4	1.2	1.3	1.3	1.3
EARNINGS AVAILABLE FOR COMMON EQUITY	7.8	8.4	8.8	8.3	8.3
TOTAL	100.0	100.0	100.0	100.0	100.0
CENTS PER KWH					
FUEL AND PURCHASED POWER	2.41	2.54	3.08	3.44	3.53
WAGES AND BENEFITS	1.26	1.30	1.29	1.24	1.20
OTHER OPERATION AND MAINTENANCE EXPENSES	0.97	0.94	0.83	0.82	0.83
DEPRECIATION AND AMORTIZATION EXPENSES	0.63	0.63	0.63	0.56	0.54
INCOME TAXES - OPERATING	0.92	1.04	0.94	0.90	0.72
OTHER TAXES - OPERATING	1.52	1.51	1.51	1.47	1.41
*INTEREST CHARGES **	0.88	0.81	0.68	0.60	0.56
*PREFERRED DIVIDENDS **	0.13	0.11	0.13	0.13	0.12
EARNINGS AVAILABLE FOR COMMON EQUITY	0.73	0.82	0.88	0.84	0.80
TOTAL	9.45	9.70	9.98	10.01	9.73
* STARRED ITEMS ARE ALLOCATED TO ELECTRIC OPERATIONS BASED ON THE RATIO OF NET ELECTRIC PLANT TO NET TOTAL PLANT LESS NET COMMON PLANT AT DECEMBER 31- STATED AS PERCENTS	92.13	92.90	92.73	92.34	91.74

** NET OF AFC

***EXCLUDES SALES FOR RESALE AND "SALES" MADE THROUGH THE NY POWER AUTHORITY OR MUNICIPAL DIST. AGENCIES

TABLE 8C

DISTRIBUTION OF GAS REVENUES
FOR THE YEARS ENDED DECEMBER 31

	1987	1986	1985	1984	1983
REVENUES	$ 2,008,357,651	$ 2,228,321,656	$ 2,476,310,855	$ 2,607,459,612	$ 2,521,647,184
SALES (MCF)	330,404,913	341,574,404	383,295,772	401,488,203	371,870,251
			DOLLAR AMOUNTS		
PURCHASED GAS & OTHER SUPPLY EXPENSE	$ 1,015,522,852	$ 1,234,572,304	$ 1,510,405,791	$ 1,615,170,041	$ 1,633,858,408
WAGES AND BENEFITS	270,623,111	254,301,811	242,451,402	251,320,190	236,834,565
OTHER OPERATION AND MAINTENANCE EXPENSES	148,872,128	150,694,932	130,875,929	141,296,212	122,106,772
DEPRECIATION AND AMORTIZATION EXPENSES	71,357,685	69,413,082	72,511,441	68,873,854	61,891,367
INCOME TAXES - OPERATING	67,973,942	64,977,184	76,205,034	82,266,262	57,026,729
OTHER TAXES - OPERATING	255,992,747	256,483,202	257,360,592	250,672,970	234,163,037
*INTEREST CHARGES **	73,296,460	76,952,647	76,014,272	73,646,376	67,741,664
*PREFERRED DIVIDENDS **	13,074,031	12,603,665	13,571,923	14,275,500	14,966,399
EARNINGS AVAILABLE FOR COMMON EQUITY	91,644,698	108,322,829	96,914,472	109,938,207	93,058,243
TOTAL	$ 2,008,357,651	$ 2,228,321,656	$ 2,476,310,855	$ 2,607,459,612	$ 2,521,647,184
			PERCENT OF REVENUES		
PURCHASED GAS & OTHER SUPPLY EXPENSE	50.6	55.4	61.0	61.9	64.8
WAGES AND BENEFITS	13.5	11.4	9.8	9.6	9.4
OTHER OPERATION AND MAINTENANCE EXPENSES	7.4	6.8	5.3	5.4	4.8
DEPRECIATION AND AMORTIZATION EXPENSES	3.6	3.1	2.9	2.6	2.5
INCOME TAXES - OPERATING	3.4	2.9	3.1	3.2	2.3
OTHER TAXES - OPERATING	12.7	11.5	10.4	9.6	9.3
*INTEREST CHARGES **	3.6	3.5	3.1	2.8	2.7
*PREFERRED DIVIDENDS **	0.7	0.6	0.5	0.5	0.6
EARNINGS AVAILABLE FOR COMMON EQUITY	4.5	4.9	3.9	4.2	3.7
TOTAL	100.0	100.0	100.0	100.0	100.0
			DOLLARS PER MCF		
PURCHASED GAS & OTHER SUPPLY EXPENSE	$ 3.07	$ 3.61	$ 3.94	$ 4.02	$ 4.39
WAGES AND BENEFITS	0.82	0.74	0.63	0.63	0.64
OTHER OPERATION AND MAINTENANCE EXPENSES	0.45	0.44	0.34	0.35	0.33
DEPRECIATION AND AMORTIZATION EXPENSES	0.22	0.20	0.19	0.17	0.17
INCOME TAXES - OPERATING	0.21	0.19	0.20	0.20	0.15
OTHER TAXES - OPERATING	0.77	0.75	0.67	0.62	0.63
*INTEREST CHARGES **	0.22	0.23	0.20	0.18	0.18
*PREFERRED DIVIDENDS **	0.04	0.04	0.04	0.04	0.04
EARNINGS AVAILABLE FOR COMMON EQUITY	0.28	0.32	0.25	0.27	0.25
TOTAL	$ 6.08	$ 6.52	$ 6.46	$ 6.49	$ 6.78
*STARRED ITEMS ARE ALLOCATED TO GAS OPERATIONS BASED ON THE RATIO OF NET GAS PLANT TO NET TOTAL PLANT LESS NET COMMON PLANT AT DECEMBER 31- STATED AS PERCENTS	7.03	6.39	6.52	6.82	7.35

** NET OF AFC

TABLE 9C

COMPARATIVE STATEMENTS OF UTILITY PLANT
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983
ELECTRIC UTILITY PLANT*					
ELECTRIC PLANT IN SERVICE					
INTANGIBLE PLANT	$ 1,615,034	$ 7,996,609	$ 1,615,034	$ 230,476	$ 230,477
PRODUCTION PLANT					
STEAM	5,925,713,779	5,600,666,398	5,521,553,910	5,434,982,746	4,331,883,363
NUCLEAR	1,419,764,892	1,386,329,262	1,220,781,958	1,200,234,474	1,060,149,209
HYDRAULIC	406,066,195	384,341,744	361,613,477	332,157,378	304,562,103
OTHER	381,595,289	393,796,398	311,413,581	305,754,344	301,406,329
TRANSMISSION PLANT	3,596,075,742	3,422,356,787	3,338,549,353	3,230,488,895	3,123,493,733
DISTRIBUTION PLANT	8,452,655,066	8,075,839,737	7,704,140,429	7,287,832,983	6,984,392,248
GENERAL PLANT	277,735,224	238,085,798	211,248,239	178,047,889	154,228,749
ELECTRIC PLANT PURCHASED OR SOLD	-	-	-	-	-
EXPERIMENTAL ELECTRIC PLT UNCLASSIFIED	-	-	-	-	-
NUCLEAR FUEL ASSEMBLIES	1,064,663,807	1,071,693,929	1,042,653,152	920,592,253	851,345,467
TOTAL ELECTRIC PLANT IN SERVICE	21,525,885,028	20,581,106,662	19,713,569,133	18,890,321,438	17,111,691,678
PLANT LEASED TO OTHERS	1,804,085	2,434,726	1,108,341	1,108,341	105,000
PLANT HELD FOR FUTURE USE	39,876,903	43,201,952	37,640,686	36,392,644	35,943,405
CONSTRUCTION WORK IN PROGRESS	10,083,348,624	11,736,654,750	10,255,175,305	8,635,001,091	7,865,906,667
PLANT ACQUISITION ADJUSTMENTS	2,114,215	2,192,519	2,270,824	2,349,128	2,427,432
TOTAL ELECTRIC UTILITY PLANT	31,653,028,853	32,365,590,609	30,009,764,291	27,565,172,641	25,016,074,182
ACCUM. PROVISION - DEPR. & AMORT.	6,736,874,228	6,323,623,561	5,881,392,104	5,484,777,473	5,228,863,718
NET ELECTRIC UTILITY PLANT	24,916,154,626	26,041,967,048	24,128,372,187	22,080,395,168	19,787,210,464
PLANT IN SERVICE					
BEGINNING OF YEAR	20,455,876,663	19,713,569,110	18,890,321,438	17,111,691,679	16,342,373,809
ADDITIONS	1,246,445,379	1,047,879,593	1,108,248,726	1,901,798,171	857,886,761
RETIREMENTS	190,057,792	145,032,747	193,439,904	121,581,485	118,460,545
TRANSFERS AND ADJUSTMENTS	13,620,778	35,309,293-	91,561,125-	1,586,927-	29,891,653
END OF YEAR	$ 21,525,885,027	$ 20,581,106,662	$ 19,713,569,135	$ 18,890,321,437	$ 17,111,691,678
GAS UTILITY PLANT*					
GAS PLANT IN SERVICE					
INTANGIBLE PLANT	$ 323,450	$ 65,772	$ 65,772	$ 65,772	$ 65,772
PRODUCTION PLANT					
MANUFACTURED GAS PLANT	16,629,679	16,496,284	14,783,551	13,411,723	13,257,766
NATURAL GAS PLANT	5,467,864	5,958,079	6,333,025	6,705,409	7,358,893
NATURAL GAS STORAGE PLANT					
UNDERGROUND STORAGE PLANT	-	-	-	-	-
OTHER STORAGE PLANT	50,058,836	49,593,539	48,181,582	47,880,076	47,839,548
TRANSMISSION PLANT	87,557,945	87,797,112	84,591,521	81,163,718	78,897,723
DISTRIBUTION PLANT	2,331,754,120	2,187,353,320	2,069,400,107	1,961,268,730	1,869,523,522
GENERAL PLANT	27,316,912	26,042,627	23,994,732	22,894,160	22,160,605
GAS PLANT PURCHASED OR SOLD	-	-	-	-	-
EXPERIMENTAL GAS PLANT UNCLASSIFIED	-	-	-	-	-
GAS PLANT STORED UNDERGROUND-NONCURRENT	1,993,381	1,993,381	1,993,381	1,993,381	1,993,381
TOTAL GAS PLANT IN SERVICE	2,521,102,187	2,375,300,114	2,249,343,671	2,135,382,969	2,041,097,210
PLANT LEASED TO OTHERS	-	-	-	-	-
PLANT HELD FOR FUTURE USE	47,253	47,252	47,252	43,917	43,917
CONSTRUCTION WORK IN PROGRESS	65,117,437	55,580,431	43,930,480	41,407,266	42,149,121
PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
TOTAL GAS UTILITY PLANT	2,587,266,876	2,430,927,796	2,293,321,402	2,176,834,152	2,083,290,248
ACCUM. PROVISION - DEPR. & AMORT.	686,710,773	640,885,101	596,565,048	546,898,720	499,005,810
NET GAS UTILITY PLANT	1,900,556,103	1,790,042,695	1,696,756,354	1,629,935,432	1,584,284,438
PLANT IN SERVICE					
BEGINNING OF YEAR	2,375,300,114	2,249,343,671	2,135,382,969	2,041,097,210	1,941,615,682
ADDITIONS	157,743,472	138,208,195	126,475,279	106,897,857	112,099,293
RETIREMENTS	10,923,014	12,057,857	11,712,484	12,395,014	12,171,802
TRANSFERS AND ADJUSTMENTS	1,018,385-	193,895-	802,093-	217,084-	445,963-
END OF YEAR	$ 2,521,102,186	$ 2,375,300,113	$ 2,249,343,670	$ 2,135,382,969	$ 2,041,097,210

THIS TABLE INCLUDES GAS DATA FOR COMBINATION COMPANIES ONLY. SEE TABLE 1G FOR SIMILAR DATA ON STRAIGHT GAS COMPANIES.
*EXCLUDES ALLOCATION OF COMMON PLANT.

Straight Gas Companies

TABLE 1G

COMPARATIVE BALANCE SHEETS AND STATEMENTS OF UTILITY PLANT
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983
ASSETS AND OTHER DEBITS					
GAS UTILITY PLANT	$ 1,770,462,839	$ 1,649,977,657	$ 1,545,583,874	$ 1,433,910,484	$ 1,340,147,994
ACCUMULATED PROVISION FOR DEPR AND AMORT	426,637,039	394,247,267	365,883,311	336,993,501	310,236,707
NET GAS UTILITY PLANT	1,343,825,800	1,255,730,390	1,179,700,563	1,096,916,983	1,029,911,287
OTHER UTILITY PLANT	-	-	-	-	-
ACCUMULATED PROVISION FOR DEPR AND AMORT	-	-	-	-	-
NET OTHER UTILITY PLANT	-	-	-	-	-
TOTAL UTILITY PLANT	1,770,462,839	1,649,977,657	1,545,583,874	1,433,910,484	1,340,147,994
ACCUMULATED PROVISION FOR DEPR AND AMORT	426,637,039	394,247,267	365,883,311	336,993,501	310,236,707
NET TOTAL UTILITY PLANT	1,343,825,800	1,255,730,390	1,179,700,563	1,096,916,983	1,029,911,287
NONUTILITY PROPERTY LESS ACCUMULATED PROV FOR DEPRECIATION AND AMORTIZATION	1,666,261	1,599,737	1,495,115	1,751,946	1,255,509
INVESTMENT IN ASSOCIATED COMPANIES	-	-	-	-	-
INVESTMENT IN SUBSIDIARY COMPANIES	33,383,100	23,642,606	35,747,423	34,622,932	33,255,238
OTHER INVESTMENTS	378,548	2,696,227	998,326	779,427	783,966
SPECIAL FUNDS	757,032	366,353	425	425	425
TOTAL OTHER PROPERTY AND INVESTMENTS	36,184,941	28,304,923	38,241,289	37,154,730	35,295,138
CASH	10,195,808	16,596,635	15,359,561	12,384,622	8,739,816
SPECIAL DEPOSITS	4,365,296	4,108,100	3,887,801	3,365,824	3,167,651
WORKING FUNDS	737,722	721,343	666,711	585,567	524,735
TEMPORARY CASH INVESTMENTS	61,576,081	34,740,782	25,203,606	2,067,395	1,561,357
NOTES AND ACCOUNTS RECEIVABLE LESS ACCUM PROVISION FOR UNCOLLECTIBLE ACCOUNTS	83,399,611	93,841,044	104,465,477	115,156,954	147,439,392
RECEIVABLES FROM ASSOCIATED COMPANIES	7,368,789	2,356,082	1,661,675	1,596,144	1,624,782
MATERIALS AND SUPPLIES	27,831,501	27,362,400	23,264,220	27,261,158	26,057,274
GAS STORED UNDERGROUND-CURRENT	8,186,141	9,113,468	3,936,873	3,682,098	3,749,012
LIQUEFIED NATURAL GAS IN STORAGE	6,255,645	6,199,023	6,191,923	5,682,831	4,923,790
PREPAYMENTS	87,954,901	87,235,208	110,582,139	107,902,691	109,746,873
OTHER CURRENT AND ACCRUED ASSETS	128,051,505	129,744,306	142,206,569	117,547,339	133,965,614
TOTAL CURRENT AND ACCRUED ASSETS	425,923,000	412,028,391	437,426,555	397,232,623	441,500,296
UNAMORTIZED DEBT EXPENSE	11,213,052	11,708,844	7,724,906	3,277,362	3,589,739
EXTRAORDINARY PROPERTY LOSSES	-	-	-	-	-
PRELIMINARY SURVEY + INVESTIGATION CHARGES	1,999,660	1,833,163	330,235	342,332	111,173
CLEARING ACCOUNTS	1,224,085	513,354	822,596	805,410	340,306
DEFERRED LOSSES FROM DISP OF UTILITY PLT	-	-	-	-	-
RESEARCH AND DEVELOPMENT	19,579	1,664,344-	1,446,931-	938,571-	273,305-
ACCUMULATED DEFERRED INCOME TAXES	5,973,283	2,439,981	1,992,979	3,767,279	3,091,560
OTHER DEFERRED DEBITS	52,066,681	60,557,112	60,669,193	46,724,555	83,986,360
TOTAL DEFERRED DEBITS	72,496,340	75,388,110	70,092,978	53,978,367	90,845,833
TOTAL ASSETS AND OTHER DEBITS	$ 1,878,430,081	$ 1,771,451,814	$ 1,725,461,385	$ 1,585,282,703	$ 1,597,552,555
GAS UTILITY PLANT					
INTANGIBLE PLANT	$ 389,112	$ 383,667	$ 375,432	$ 375,432	$ 375,432
PRODUCTION PLANT					
MANUFACTURED GAS PLANT	56,255,778	56,246,943	55,513,052	54,656,523	54,272,175
NATURAL GAS PLANT	20,179,090	20,578,459	20,746,025	21,184,256	22,408,247
NATURAL GAS STORAGE PLANT					
UNDERGROUND STORAGE PLANT	-	-	-	-	-
OTHER STORAGE PLANT	59,767,133	58,811,837	53,033,207	48,378,802	46,880,971
TRANSMISSION PLANT	29,924,167	27,921,917	28,586,440	27,114,144	28,689,359
DISTRIBUTION PLANT	1,447,150,085	1,354,448,428	1,267,072,334	1,179,088,230	1,097,810,065
GENERAL PLANT	125,162,436	110,737,402	101,598,985	85,749,674	72,160,966
GAS PLANT PURCHASED OR SOLD	-	-	-	-	-
EXPERIMENTAL GAS PLANT UNCLASSIFIED	-	-	-	-	-
GAS STORED UNDERGROUND-NONCURRENT	857,650	857,650	857,650	857,650	857,650
TOTAL GAS PLANT IN SERVICE	1,739,685,451	1,629,986,303	1,527,783,125	1,417,404,711	1,323,454,865
PLANT LEASED TO OTHERS	-	-	-	-	-
PLANT HELD FOR FUTURE USE	306,070	306,070	334,730	37,559	37,559
CONSTRUCTION WORK IN PROGRESS	30,471,317	19,685,283	17,466,020	16,468,215	16,655,570
PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
TOTAL GAS UTILITY PLANT	1,770,462,839	1,649,977,657	1,545,583,874	1,433,910,484	1,340,147,994
ACCUM PROV FOR DEPRECIATION & AMORT	426,637,039	394,247,267	365,883,311	336,993,501	310,236,707
NET GAS UTILITY PLANT	$ 1,343,825,800	$ 1,255,730,390	$ 1,179,700,563	$ 1,096,916,983	$ 1,029,911,287
PLANT IN SERVICE					
BEGINNING OF YEAR	$ 1,629,986,303	$ 1,527,783,125	$ 1,417,404,711	$ 1,323,454,865	$ 1,245,846,385
ADDITIONS	116,023,888	106,637,458	116,553,790	101,173,580	85,119,459
RETIREMENTS	17,061,764	14,377,594	10,804,166	11,754,481	10,872,254
TRANSFERS AND ADJUSTMENTS	10,737,024	9,943,314	4,628,790	4,530,748	3,361,275
END OF YEAR	$ 1,739,685,452	$ 1,629,986,304	$ 1,527,783,124	$ 1,417,404,710	$ 1,323,454,865

THIS TABLE INCLUDES DATA FOR STRAIGHT GAS COMPANIES ONLY SEE TABLES 1 & 9 FOR GAS DATA ON COMBINATION COMPANIES

TABLE 2G

COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983
LIABILITIES AND OTHER CREDITS					
COMMON STOCK ISSUED	$ 81,042,799	$ 80,621,978	$ 80,323,391	$ 79,885,915	$ 79,418,002
PREFERRED STOCK ISSUED	54,084,225	55,684,225	77,284,225	78,884,225	80,484,225
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-
PREMIUM ON CAPITAL STOCK	159,193,787	142,061,410	125,213,962	109,338,987	95,881,104
OTHER PAID-IN CAPITAL	65,775,533	65,828,135	65,854,510	65,723,370	65,481,675
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-
CAPITAL STOCK EXPENSE	25,466-	12,723-	12,723-	12,723-	12,723-
RETAINED EARNINGS	349,508,529	339,357,732	315,779,946	292,175,274	262,407,155
UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS	14,954,843-	16,288,371-	1,939,325-	1,579,238-	2,371,933-
REACQUIRED CAPITAL STOCK	3,374,425-	417,225-	1,149,125-	1,725,700-	2,150,850-
TOTAL PROPRIETARY CAPITAL	691,250,139	666,895,161	661,354,862	622,690,110	579,136,655
BONDS (LESS BONDS REACQUIRED)	405,651,148	349,109,751	338,443,260	265,091,300	245,417,322
ADVANCES FROM ASSOCIATED COMPANIES	189,470,699	194,154,173	156,201,314	162,246,821	187,390,528
OTHER LONG-TERM DEBT	695,245	1,544,885	3,477,187	3,955,496	3,958,047
NET UNAMORTIZED PREMIUM AND DISCOUNT	335,707-	471,456-	958,754-	1,079,061-	1,250,416-
TOTAL LONG-TERM DEBT	595,481,385	544,337,353	497,163,007	430,214,556	435,515,481
NOTES PAYABLE	4,045,000	3,597,000	700,000	47,654,265	75,001,755
ACCOUNTS PAYABLE	65,976,071	78,253,725	80,529,854	72,070,444	82,764,637
PAYABLES TO ASSOCIATED COMPANIES	219,805,555	177,055,275	197,915,306	127,781,238	141,700,394
CUSTOMER DEPOSITS	18,603,198	18,835,358	18,142,128	15,714,494	14,263,803
TAXES ACCRUED	32,149,379	36,497,992	18,887,781	23,865,882	33,283,953
INTEREST ACCRUED	8,883,863	9,735,158	10,719,656	9,492,346	8,836,717
DIVIDENDS DECLARED	15,095,443	14,046,286	13,860,660	11,716,285	10,269,614
TAX COLLECTIONS PAYABLE	6,332,079	7,604,171	7,375,024	7,601,936	8,119,730
OTHER CURRENT AND ACCRUED LIABILITIES	25,354,336	40,552,374	54,442,698	77,433,913	65,865,733
TOTAL CURRENT AND ACCRUED LIABILITIES	396,244,924	386,177,339	402,573,107	393,330,803	440,106,336
CUSTOMER ADVANCES FOR CONSTRUCTION	1,702,308	1,426,722	1,104,142	1,002,428	968,730
DEFERRED GAINS FROM DISP. OF UTILITY PLT	-	-	-	-	-
ACCUM. DEFERRED INVESTMENT TAX CREDITS	49,771,931	50,565,385	51,524,549	44,423,966	36,768,813
OTHER DEFERRED CREDITS	16,859,807	7,306,956	8,074,731	8,772,285	6,020,952
ACCUMULATED DEFERRED INCOME TAXES					
ACCELERATED AMORTIZATION	-	412,739	490,713	-	-
LIBERALIZED DEPRECIATION	95,389,061	81,919,076	68,919,131	56,085,074	44,131,082
OTHER	27,613,484	28,326,801	30,587,282	25,347,569	51,633,289
TOTAL DEFERRED CREDITS	191,336,591	169,957,679	160,700,548	135,631,320	139,522,866
PROPERTY INSURANCE RESERVE	-	-	-	-	-
INJURIES AND DAMAGES RESERVE	2,823,149	3,116,690	2,928,397	2,723,067	2,668,420
PENSIONS AND BENEFITS RESERVE	557,123	252,149	44,436	44,000	-
MISCELLANEOUS OPERATING RESERVE	736,770	715,443	697,028	648,847	582,797
TOTAL OPERATING RESERVES	4,117,042	4,084,282	3,669,861	3,415,914	3,251,217
TOTAL LIABILITIES AND OTHER CREDITS	$ 1,878,430,081	$ 1,771,451,814	$ 1,725,461,385	$ 1,585,282,703	$ 1,597,552,555

SELECTED BALANCE SHEET RELATIONSHIPS

ITEM	1987	1986	1985	1984	1983
CURRENT ASSETS / BY CURRENT LIABILITIES	1.07	1.07	1.09	1.01	1.00
PERCENT OF CAPITALIZATION					
LONG-TERM DEBT	46.2	44.9	42.9	40.8	42.9
PREFERRED STOCK	4.2	4.5	6.6	7.4	7.9
COMMON STOCK AND OTHER PAID-IN CAPITAL	22.3	22.4	23.1	23.8	23.2
RETAINED EARNINGS	27.1	28.0	27.2	27.7	25.8
LONG-TERM DEBT % OF GROSS UTILITY PLANT	33.6	32.9	32.1	30.0	32.4
ACCUMULATED PROV. FOR DEPR % OF UTILITY PLT	24.0	23.8	23.6	23.5	23.1

DOES NOT INCLUDE UTILITIES THAT PROVIDE BOTH ELECTRIC AND GAS SERVICE

TABLE 3G.

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983
SOURCES OF FUNDS					
INTERNAL:					
NET INCOME	$ 76,696,335	$ 72,421,675	$ 83,059,606	$ 84,436,028	$ 73,400,838
DEPRECIATION AND AMORTIZATION	48,369,884	45,233,242	41,791,228	39,206,469	35,813,071
DEFERRED INCOME TAXES (NET)	8,123,453	9,666,805	27,829,888	7,026,033-	19,900,277
INTEREST CAPITALIZED	2,214,707-	1,571,433-	1,728,686-	1,165,817-	1,260,665-
OTHER (NET):	133,905	305,985	258,892	36,000	460,581
SUBTOTAL	131,108,870	126,056,274	151,210,928	115,486,647	128,314,102
EXTRAORDINARY ITEMS	-	-	-	-	-
TOTAL FUNDS FROM INTERNAL SOURCES	131,108,870	126,056,274	151,210,928	115,486,647	128,314,102
LESS DIVIDENDS: PREFERRED	4,540,227	6,755,659	7,862,306	7,957,531	8,059,042
COMMON	60,565,418	56,287,196	51,927,921	45,872,563	39,843,430
NET FUNDS FROM INTERNAL SOURCES	66,003,225	63,013,419	91,420,701	61,656,553	80,411,630
EXTERNAL:					
LONG TERM DEBT	66,600,731	165,749,825	114,480,293	53,092,821	90,838,078
PREFERRED STOCK	-	-	-	-	-
COMMON STOCK	17,493,198	17,206,033	16,312,451	13,925,796	40,454,014
NET INCREASE IN SHORT TERM DEBT	54,598,000	9,364,999	61,860,000	12,100,000	620,000
OTHER (NET):	-	-	-	43,756,544	-
TOTAL FUNDS - EXTERNAL SOURCES	138,691,929	192,320,857	192,652,744	122,875,161	131,912,092
OTHER SOURCES (NET):					
NET DECREASE IN WORKING CAPITAL	3,527,821	23,535,024	577,177	22,349,542	27,088,745
OTHER	8,778,825	7,350,281	11,529,281	477,797	13,305,782
TOTAL FUNDS PROVIDED	$ 217,001,800	$ 286,219,581	$ 296,179,903	$ 207,359,053	$ 252,718,249
USES OF FUNDS					
CONSTRUCTION EXPENDITURES:					
GAS PLANT	$ 134,184,652	$ 117,007,243	$ 115,660,190	$ 102,418,424	$ 93,784,653
LIQUEFIED NATURAL GAS PLANT	2,190,278	3,686,611	8,134,644	3,865,632	838,620
NON-UTILITY PLANT	194,772	230,317	132,445-	188,238	185,356
OTHER	164,058	543,668	144,089	181,796	190,167
TOTAL CONSTRUCTION	136,733,760	121,467,839	123,806,478	106,654,090	94,998,796
LESS INTEREST CAPITALIZED	2,214,707	1,571,433	1,728,686	1,165,817	1,260,665
TOTAL EXCLUDING INTEREST CAPITALIZED	134,519,053	119,896,406	122,077,792	105,488,273	93,738,131
RETIREMENT OF SECURITIES:					
LONG TERM DEBT	15,552,654	119,062,776	94,593,081	31,932,592	31,958,414
PREFERRED STOCK	1,600,000	21,600,000	1,693,333	1,600,000	1,600,000
REDEMPTION OF CAPITAL STOCK	2,957,200	731,900-	576,575-	425,150-	911,000-
NET DECREASE IN SHORT TERM DEBT	3,690,000	-	-	57,250,000	103,650,863
OTHER (NET):	-	-	-	-	-
TOTAL RETIREMENT OF SECURITIES	23,799,854	139,930,876	95,709,839	90,357,442	136,298,277
OTHER USES:					
NET INCREASE IN WORKING CAPITAL	18,492,478	23,897,627	46,351,473	6,339,416	20,337,027
OTHER	40,190,415	2,494,672	32,040,799	5,173,922	2,344,814
TOTAL FUNDS APPLIED	$ 217,001,800	$ 286,219,581	$ 296,179,903	$ 207,359,063	$ 252,718,249

TABLE 4G

COMPARATIVE INCOME STATEMENT AND SELECTED INCOME RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

COMPARATIVE INCOME STATEMENTS

ITEM	1987	1986	1985	1984	1983
GAS OPERATING INCOME					
OPERATING REVENUES	$ 1,643,053,307	$ 1,902,325,872	$ 2,061,055,631	$ 2,155,454,865	$ 2,129,460,050
OPERATION AND MAINTENANCE EXPENSE	1,253,642,823	1,478,627,290	1,644,550,627	1,743,456,100	1,750,051,917
DEPRECIATION EXPENSE	43,574,357	41,168,504	38,573,633	36,202,815	33,593,333
AMORTIZATION	796,785	824,683	775,202	1,400,604	1,228,765
TAXES OTHER THAN INCOME TAXES - OPERATING	175,613,171	185,000,921	189,340,536	189,133,071	179,190,653
INCOME TAXES - OPERATING	38,328,069	57,262,750	54,523,821	52,327,584	41,522,249
GAINS/LOSSES FROM DISP. OF UTILITY PLT	-	-	-	-	-
TOTAL OPERATING EXPENSES	1,511,955,204	1,762,884,149	1,927,863,817	2,022,520,177	2,005,586,918
NET OPERATING REVENUES	131,098,103	139,441,723	133,191,814	132,934,688	123,873,132
INC. - LEASED PLANT	-	-	-	-	-
GAS OPERATING INCOME	131,098,103	139,441,723	133,191,814	132,934,688	123,873,132
OTHER UTILITY OPERATING INCOME	-	-	-	-	-
TOTAL UTILITY OPERATING INCOME	131,098,103	139,441,723	133,191,814	132,934,688	123,873,132
OTHER INCOME					
MERCH., JOBBING, & CONTRACT WORK	65,827-	26,093	4,837-	42,100	176,974-
INCOME FROM NONUTILITY OPERATIONS	-	-	-	-	-
NONOPERATING RENTAL INCOME	228,189	228,580	207,851	240,075	293,276
EQUITY IN EARNINGS OF SUBSIDIARY CO'S	1,398,530	13,720,157-	231,199-	916,582	552,432-
INTEREST AND DIVIDEND INCOME	2,746,534	5,822,458	6,054,398	6,980,619	4,744,809
ALLOWANCE FOR CONSTRUCTION FUNDS	2,258,340	1,591,108	1,728,686	1,165,817	1,260,565
MISCELLANEOUS NONOPERATING INCOME	161,201	298,022	706,469	835,875	1,466,264
GAIN ON DISPOSITION OF PROPERTY	483,950	442,390	-	27,572	14,990
TOTAL OTHER INCOME	7,210,917	5,311,506-	8,461,368	10,208,640	7,050,598
TOTAL INCOME	138,309,020	134,130,217	141,653,182	143,143,328	130,923,730
INCOME DEDUCTIONS					
TAXES OTHER THAN INC. TAXES - NONOPERATING	221,055	289,879	217,091	414,454	315,455
INCOME TAXES - NONOPERATING	1,491,887-	3,091,529-	225,755	1,202,818	731,874
LOSS ON DISPOSITION OF PROPERTY	79,302	124,683	-	5,258	8,287
MISCELLANEOUS AMORTIZATION	-	-	-	-	6,135
MISCELLANEOUS INCOME DEDUCTIONS	2,758,199	2,832,745	2,305,327	1,635,455	988,906
TOTAL INCOME DEDUCTIONS	1,566,669	155,778	2,748,173	3,257,985	2,050,657
INCOME BEFORE INTEREST CHARGES	136,742,351	133,974,439	138,905,009	139,885,343	128,873,073
INTEREST CHARGES					
INTEREST ON LONG-TERM DEBT	31,546,424	33,180,878	28,730,677	25,949,140	23,975,727
AMORT. OF DEBT DISCOUNT & EXPENSE	1,304,378	786,278	504,728	497,457	473,729
AMORT. OF PREMIUM ON DEBT - CREDIT	30,076-	30,019-	32,110-	32,412-	33,875-
INTEREST ON DEBT TO ASSOCIATED COMPANIES	25,040,085	21,493,312	19,458,793	17,885,813	18,952,241
OTHER INTEREST EXPENSE	2,185,016	6,122,315	7,183,315	11,149,319	12,104,414
TOTAL INTEREST CHARGES	60,045,827	61,552,764	55,845,403	55,449,317	55,472,236
INCOME BEFORE EXTRAORDINARY ITEMS	76,696,524	72,421,675	83,059,606	84,436,026	73,400,837
EXTRAORDINARY ITEMS - NET	-	-	-	-	-
NET INCOME	$ 76,696,524	$ 72,421,675	$ 83,059,606	$ 84,436,026	$ 73,400,837
DIVIDENDS DECLARED - PREFERRED STOCK	$ 4,543,822	$ 6,755,659	$ 7,862,306	$ 7,957,531	$ 8,059,042
- COMMON STOCK	60,565,416	56,287,196	51,927,921	45,872,564	39,843,430

SELECTED INCOME ACCOUNT RELATIONSHIPS

ITEM	1987	1986	1985	1984	1983
NET INCOME - PERCENT OF OPERATING REVENUES	4.6	3.8	4.0	3.9	3.4
PRETAX COVERAGE OF INTEREST CHARGES	2.9	3.1	3.5	3.5	3.1
COMMON STOCK DIVDENDS AS A / OF EARNINGS	83.9	85.7	69.0	59.9	60.9
RETURN ON COMMON EQUITY	11.5	10.9	13.3	14.6	14.0

TABLE 5G

COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983
GAS OPERATING REVENUES					
REVENUES					
RESIDENTIAL	$ 1,184,832,683	$ 1,330,981,349	$ 1,364,635,914	$ 1,418,829,922	$ 1,361,598,256
COMMERCIAL AND INDUSTRIAL	394,375,957	495,659,025	598,383,793	644,642,864	675,178,652
OTHER SALES TO PUBLIC AUTHORITIES	32,763,604	37,442,178	42,381,714	44,537,304	38,435,612
INTERDEPARTMENTAL	18,790,627-	-	-	-	-
TOTAL REVENUES - ULTIMATE CONSUMERS	1,593,181,617	1,864,082,552	2,005,401,421	2,108,010,090	2,075,212,520
RESALE	26,887,464	21,649,017	41,725,594	34,970,941	41,184,459
TOTAL REVENUES FROM SALES OF GAS	1,620,069,081	1,885,731,569	2,047,127,015	2,142,981,031	2,116,396,979
OTHER GAS OPERATING REVENUES	22,984,226	16,594,300	13,928,617	12,473,834	13,063,070
TOTAL GAS OPERATING REVENUES	$ 1,643,053,307	$ 1,902,325,869	$ 2,061,055,632	$ 2,155,454,865	$ 2,129,460,050
GAS SALES (MCF):					
RESIDENTIAL	175,895,424	177,522,376	172,775,666	180,443,448	173,173,711
COMMERCIAL AND INDUSTRIAL	84,727,718	94,578,868	104,525,075	109,808,188	111,084,383
OTHER SALES TO PUBLIC AUTHORITIES	6,079,505	6,704,858	6,465,729	6,583,046	5,774,629
INTERDEPARTMENTAL	-	-	-	-	-
TOTAL SALES TO ULTIMATE CONSUMERS	266,702,648	278,806,103	283,766,470	296,834,682	290,032,723
RESALE	9,373,751	5,126,515	10,619,912	8,132,726	9,212,463
TOTAL GAS SALES	276,076,399	283,932,618	294,386,382	304,967,408	299,245,186
CUSTOMERS - AVERAGE PER MONTH:					
RESIDENTIAL	1,784,560	1,782,326	1,775,364	1,766,879	1,757,883
COMMERCIAL AND INDUSTRIAL	85,103	83,481	81,750	80,754	79,930
OTHER SALES TO PUBLIC AUTHORITIES	3,145	3,032	2,995	2,933	2,815
INTERDEPARTMENTAL	-	-	-	-	-
TOTAL ULTIMATE CONSUMERS	1,872,808	1,868,839	1,860,109	1,850,566	1,840,628
RESALE	3	3	4	4	5
TOTAL CUSTOMERS	1,872,811	1,868,842	1,860,113	1,850,570	1,840,633
OPERATING REVENUE RELATIONSHIPS					
RESIDENTIAL SALES					
AVERAGE ANNUAL BILL PER CUSTOMER	663.94	746.77	768.65	803.01	774.57
AVERAGE MCF CONSUMPTION PER CUSTOMER	98.6	99.6	97.3	102.1	98.5
AVERAGE REVENUE PER MCF SOLD	6.74	7.50	7.90	7.86	7.86
COMMERCIAL AND INDUSTRIAL SALES					
AVERAGE ANNUAL BILL PER CUSTOMER	4,634.10	5,937.39	7,319.68	7,982.80	8,447.12
AVERAGE MCF CONSUMPTION PER CUSTOMER	995.6	1,132.9	1,278.6	1,359.8	1,389.8
AVERAGE REVENUE PER MCF SOLD	4.65	5.24	5.72	5.87	6.08
GAS OPERATION AND MAINTENANCE EXPENSES					
PRODUCTION EXPENSES					
MANUFACTURED GAS					
STEAM	$ 28,911	$ 1,120,814	$ 1,727,395	$ 1,683,111	$ 1,594,112
MANUFACTURED GAS	1,857,872	8,387,239	9,257,893	9,821,624	12,154,403
NATURAL GAS					
PRODUCTION AND GATHERING	351,660	418,681	714,111	663,530	402,660
OTHER GAS SUPPLY EXPENSES					
PURCHASED GAS	853,120,209	1,102,271,398	1,279,993,810	1,389,309,559	1,421,541,647
OTHER	3,048,465	553,113-	509,785-	253,535	1,425,424-
TOTAL PRODUCTION EXPENSES	858,407,117	1,111,645,019	1,291,183,424	1,401,731,359	1,434,267,398
NATURAL GAS STORAGE EXPENSES:					
UNDERGROUND STORAGE EXPENSES	-	-	-	-	-
OTHER STORAGE EXPENSES	6,854,327	5,151,426	4,914,362	4,892,992	4,843,112
TOTAL NATURAL GAS STORAGE EXPENSES	6,854,327	5,151,426	4,914,362	4,892,992	4,843,112
TRANSMISSION EXPENSES	1,138,325	876,747	989,817	965,850	893,847
DISTRIBUTION EXPENSES	155,169,268	141,882,441	130,567,218	125,181,130	116,709,993
CUSTOMER ACCOUNTS EXPENSES	83,189,427	81,323,237	83,564,916	84,392,573	80,083,040
SALES EXPENSES	13,765,950	13,853,933	12,883,091	10,978,761	9,072,196
ADM. & GENERAL EXPENSES	135,118,411	123,894,487	120,447,799	115,313,434	104,182,331
TOTAL GAS O & M EXPENSES	$ 1,253,642,823	$ 1,478,627,290	$ 1,644,550,627	$ 1,743,456,100	$ 1,750,051,917

THIS TABLE INCLUDES GAS DATA FOR STRAIGHT GAS COMPANIES. SEE TABLE 6. FOR GAS DATA ON COMBINATION COMPANIES.

TABLE 6G

DISTRIBUTION OF GAS REVENUES
YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983
REVENUES	$ 1,643,053,307	$ 1,902,325,872	$ 2,061,055,631	$ 2,155,454,865	$ 2,129,460,050
SALES (MCF)	276,076,399	283,932,618	294,386,382	304,967,408	299,245,186
			DOLLAR AMOUNTS		
PURCHASED GAS & OTHER SUPPLY EXPENSE	$ 856,168,674	$ 1,101,718,285	$ 1,279,484,025	$ 1,389,563,094	$ 1,420,116,223
WAGES AND BENEFITS	235,171,653	214,388,053	215,815,935	210,551,554	192,621,733
OTHER OPERATION AND MAINTENANCE EXPENSES	162,302,496	162,520,952	149,250,667	143,341,452	137,313,961
DEPR. AND AMORT. EXPENSES	44,371,142	41,993,187	39,348,835	37,603,419	34,822,098
INCOME TAXES - OPERATING	38,328,069	57,262,750	54,623,821	52,327,584	41,522,249
OTHER TAXES - OPERATING	175,613,171	185,000,921	189,340,536	189,133,071	179,190,653
*INTEREST CHARGES **	59,735,307	61,300,849	55,559,745	55,227,516	54,997,177
*PREFERRED DIVIDENDS **	4,417,500	6,642,072	7,712,305	7,848,547	7,979,521
EARNINGS AVAILABLE FOR COMMON EQUITY	66,945,296	71,498,804	69,919,784	69,858,625	60,896,434
TOTAL	$ 1,643,053,307	$ 1,902,325,872	$ 2,061,065,631	$ 2,155,454,865	$ 2,129,460,050
			PERCENT OF REVENUES		
PURCHASED GAS & OTHER SUPPLY EXPENSE	52.1	57.9	62.1	64.5	66.7
WAGES AND BENEFITS	14.3	11.3	10.5	9.8	9.0
OTHER OPERATION AND MAINTENANCE EXPENSES	9.9	8.5	7.2	6.7	6.4
DEPRECIATION AND AMORTIZATION EXPENSES	2.7	2.2	1.9	1.7	1.6
INCOME TAXES - OPERATING	2.3	3.0	2.7	2.4	1.9
OTHER TAXES - OPERATING	10.7	9.7	9.2	8.8	8.4
*INTEREST CHARGES **	3.6	3.2	2.7	2.6	2.6
*PREFERRED DIVIDENDS**	0.3	0.3	0.4	0.4	0.4
EARNINGS AVAILABLE FOR COMMON EQUITY	4.1	3.8	3.4	3.2	2.9
TOTAL	100.0	100.0	100.0	100.0	100.0
			DOLLARS PER MCF		
PURCHASED GAS & OTHER SUPPLY EXPENSE	$ 3.10	$ 3.88	$ 4.35	$ 4.56	$ 4.75
WAGES AND BENEFITS	0.85	0.76	0.73	0.69	0.64
OTHER OPERATION AND MAINTENANCE EXPENSES	0.59	0.57	0.51	0.47	0.46
DEPRECIATION AND AMORTIZATION EXPENSES	0.16	0.15	0.13	0.12	0.12
INCOME TAXES - OPERATING	0.14	0.20	0.19	0.17	0.14
OTHER TAXES - OPERATING	0.64	0.65	0.64	0.62	0.60
*INTEREST CHARGES **	0.22	0.22	0.19	0.18	0.18
*PREFERRED DIVIDENDS **	0.02	0.02	0.03	0.03	0.03
EARNINGS AVAILABLE FOR COMMON EQUITY	0.24	0.25	0.24	0.23	0.20
TOTAL	$ 5.95	$ 6.70	$ 7.00	$ 7.07	$ 7.12

*THIS IS A STRAIGHT GAS COMPANY, THEREFORE, NO ALLOCATION OF STARRED ITEMS IS NECESSARY

**NET OF AFC

Telephone Companies

TABLE 17

COMPARATIVE BALANCE SHEETS AND STATEMENTS OF TELEPHONE PLANT
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983
ASSETS AND OTHER DEBITS					
TELEPHONE PLANT	$ 19,384,705,589	$ 18,411,258,188	$ 17,515,426,376	$ 16,508,214,055	$ 16,385,309,003
ACCUM PROV FOR DEPR & AMORT	5,899,989,216	5,203,421,075	4,732,890,160	4,210,723,184	3,686,943,019
NET TELEPHONE PLANT	13,484,716,372	13,207,837,112	12,782,536,216	12,297,490,870	12,698,365,983
INVESTMENTS IN AFFILIATED COMPANIES	282,428,692	217,255,695	132,602,210	104,650,649	96,598,469
ADVANCES TO AFFILIATED COMPANIES	15,539,425	6,538,402	2,350,162	1,600,000	2,179,281
MISCELLANEOUS PHYSICAL PROPERTY	33,574,944	20,879,381	19,476,752	24,845,867	11,552,891
OTHER INVESTMENTS AND FUNDS	5,575,493	5,609,136	5,226,954	5,484,027	5,715,055
TOTAL INVESTMENTS AND FUNDS	337,118,554	250,282,614	159,656,078	136,580,543	116,045,696
CASH AND WORKING FUNDS	63,923,078	77,460,365	85,017,997	77,563,544	65,869,492
SPECIAL CASH DEPOSITS	3,505,240	4,835,762	25,733,025	24,517,553	31,156,538
TEMPORARY CASH INVESTMENTS	24,021,308	46,714,454	20,141,633	33,242,767	26,959,797
NOTES & ACCT'S REC -AFFILIATED CO'S	79,053,998	151,283,598	18,665,425	36,646,772	44,935,373
OTHER NOTES AND ACCOUNTS RECEIVABLE	361,885,047	374,235,644	718,124,393	627,874,565	49,051,170
DUE - CUST & AGENTS LESS ACCUM PROV - UNCOLLECTIBLE ACCTS	1,553,611,642	1,554,140,344	1,246,447,559	1,098,282,952	1,096,653,352
MATERIALS AND SUPPLIES	107,611,943	98,185,988	75,470,858	59,690,959	77,463,393
MERCH AND MATERIAL HELD FOR SALE	4,005,808	2,929,953	3,137,765	3,464,279	2,220,910
PREPAYMENTS	41,432,016	57,013,787	54,047,620	44,756,573	123,437,102
OTHER CURRENT AND ACCRUED ASSETS	4,312,007	3,046,096	8,163,773	4,126,492	2,717,421
TOTAL CURRENT AND ACCRUED ASSETS	2,243,362,088	2,369,845,996	2,254,950,049	2,010,166,457	1,520,464,549
UNAMORTIZED DEBT DISCOUNT AND EXPENSE	208,546,971	211,402,228	84,095,507	86,881,601	45,107,857
EXTRAORDINARY MAINTENANCE & RETIREMENTS	9,485	11,889	23,109	124,161	58,578
RESEARCH AND DEVELOPEMENT	-	-	-	-	-
OTHER DEFERRED DEBITS	511,832,357	516,449,952	511,267,144	387,702,049	293,823,742
TOTAL DEFERRED DEBITS	720,388,813	727,864,069	595,385,760	474,707,811	338,990,177
TOTAL ASSETS AND OTHER DEBITS	16,785,585,832	$ 16,555,829,796	$ 15,792,528,105	$ 14,918,945,682	$ 14,673,866,406
TELEPHONE PLANT					
PLANT IN SERVICE	$ 18,792,661,177	$ 17,848,069,405	$ 16,953,961,244	$ 15,960,857,988	$ 15,951,712,237
PLANT UNDER CONSTRUCTION	589,423,933	560,859,686	558,733,204	542,903,774	430,247,775
PROPERTY HELD FOR FUTURE USE	1,113,797	618,325	841,422	2,407,430	1,099,015
PLANT ACQUISITION ADJUSTMENTS	689,420	893,509	1,073,243	1,211,172	1,410,807
PLANT ADJUSTMENTS	817,262	817,263	817,263	833,691	839,168
TOTAL TELEPHONE UTILITY PLANT	19,384,705,589	18,411,258,188	17,515,426,376	16,508,214,055	16,385,309,003
ACCUM PROV FOR DEPR AND AMORT	5,899,989,216	5,203,421,075	4,732,890,160	4,210,723,184	3,686,943,019
NET TELEPHONE PLANT	13,484,716,372	13,207,837,112	12,782,536,216	12,297,490,870	12,698,365,983
PLANT IN SERVICE					
BEGINNING OF YEAR	17,848,069,402	16,954,006,914	15,960,857,992	14,996,155,885	15,218,136,893
ADDITIONS	1,696,125,949	1,582,207,032	1,492,072,993	1,243,798,790	1,365,766,770
RETIREMENTS	702,377,223	668,139,981	495,729,358	341,461,724	632,247,821
TRANSFERS AND ADJUSTMENTS	49,156,956-	20,004,563-	3,240,381-	62,365,038	56,394
END OF YEAR	$ 18,792,661,180	$ 17,848,069,404	$ 16,953,961,246	$ 15,960,857,989	$ 15,951,712,236

TABLE 2T

COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983
LIABILITIES AND OTHER CREDITS					
COMMON CAPITAL STOCK	$ 4,045,243,403	$ 4,043,621,690	$ 4,043,455,143	$ 4,013,556,070	$ 4,564,505,373
PREFERRED CAPITAL STOCK	30,646,970	31,179,970	31,944,120	32,315,520	32,800,520
STOCK LIABILITY FOR CONVERSION	245,000	100	250	250	250
PREMIUM ON CAPITAL STOCK	273,515,782	261,505,646	100,328,418	100,254,664	59,874,338
CAPITAL STOCK SUBSCRIBED	42,600	42,600	42,600	42,600	42,600
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-
OTHER PAID-IN CAPITAL	38,557,695	38,024,024	37,624,024	37,626,629	34,121,524
CAPITAL STOCK EXPENSE	103,888-	112,401-	119,254-	128,712-	86,920-
RETAINED EARNINGS	2,233,405,536	2,030,175,786	1,724,545,319	1,568,544,501	1,257,123,816
TOTAL PROPRIETARY CAPITAL	6,621,553,095	6,404,437,417	5,937,820,619	5,752,211,522	5,948,381,501
BONDS(LESS BONDS REACQUIRED)	4,525,971,646	4,172,049,007	4,024,315,817	4,129,903,995	4,090,382,123
ADVANCES FROM AFFILIATED COMPANIES	125,600,848	202,047,845	237,375,000	188,850,000	415,975,021
OTHER LONG-TERM DEBT	31,825,386	31,321,272	46,015,150	31,592,443	11,924,704
TOTAL LONG-TERM DEBT	4,683,397,880	4,405,418,124	4,307,705,967	4,350,346,438	4,518,281,848
NOTES & ACCTS PAY TO AFFILIATED CO'S	243,326,347	372,898,565	376,475,407	392,680,465	137,306,226
OTHER NOTES AND ACCOUNTS PAYABLE	1,104,432,929	1,184,043,051	1,259,909,732	944,594,215	714,058,958
CUSTOMERS' DEPOSITS	47,676,862	44,421,132	45,233,513	65,096,540	66,908,984
ADVANCE BILLING AND PAYMENTS	135,511,761	132,122,433	129,264,953	123,107,952	146,669,800
TAXES ACCRUED	227,154,814	311,143,574	259,130,889	242,386,668	95,544,167
OTHER CURRENT AND ACCRUED LIABILITIES	293,152,968	287,828,386	274,927,517	124,790,539	142,840,482
TOTAL CURRENT AND ACCRUED LIABILITIES	2,051,255,684	2,332,457,145	2,344,942,022	1,892,656,382	1,303,328,619
UNAMORTIZED PREMIUM ON DEBT	1,318,894	1,426,926	1,535,445	1,644,036	1,752,654
ACCUM. DEFERRED INVESTMENT TAX CREDITS	597,672,630	649,634,706	650,465,176	625,087,731	648,212,673
OTHER DEFERRED CREDITS	104,469,723	60,512,541	64,171,276	69,266,982	106,637,641
TOTAL DEFERRED CREDITS	703,461,247	711,574,173	716,171,897	695,998,749	756,602,968
OPERATING RESERVES	28,690,278	9,827,326	11,002,198	7,783,831	12,577,577
ACCUM. DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION	2,363,304,373	2,327,988,547	2,174,741,136	1,983,303,782	1,971,983,164
ACCUM. DEFERRED INCOME TAXES - OTHER	336,640,372	364,128,544	300,144,263	236,644,977	162,710,729
TOTAL LIABILITIES AND OTHER CREDITS	$ 16,788,302,932	$ 16,555,831,276	$ 15,792,528,105	$ 14,918,945,681	$ 14,673,866,406
SELECTED BALANCE SHEET RELATIONSHIPS					
CURRENT ASSETS/CURRENT LIABILITIES	1.09	1.02	0.96	1.06	1.17
PERCENT OF CAPITALIZATION					
LONG TERM DEBT	41.4	40.7	42.0	43.0	43.1
PREFERRED STOCK	0.2	0.2	0.3	0.3	0.3
COMMON STOCK & OTHER PAID-IN CAPITAL	38.5	40.1	40.8	41.0	44.5
RETAINED EARNINGS	19.7	18.7	16.8	15.5	12.0
LONG TERM DEBT % OF GROSS UTILITY PLANT	24.1	23.9	24.5	26.3	27.5
ACCUM. PROV. FOR DEPR & AMORT. %OF UTIL. PLT	30.4	28.2	27.0	25.5	22.5

TABLE 37

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983
SOURCES OF FUNDS					
INTERNAL					
NET INCOME	$ 1,034,079,429	$ 1,060,347,773	$ 828,222,334	$ 760,227,511	$ 721,028,008
DEPRECIATION AND AMORTIZATION	1,404,415,960	1,132,739,949	1,001,742,586	903,828,041	909,180,688
DEFERRED INCOME—TAXES (NET)	43,264,417-	217,646,538	281,102,490	291,356,466	328,385,967
INTEREST CAPITALIZED	57,269,656-	49,572,362-	51,755,432-	46,099,914-	41,535,850-
OTHER (NET)	2,142,321	3,703,607	3,864,388	2,807,941	1,875,668
SUBTOTAL	2,340,103,637	2,364,865,506	2,063,176,367	1,912,120,045	1,918,934,482
EXTRAORDINARY ITEMS	4,592,782	1,126,989	2,967,572	7,634,438	29,258,460-
TOTAL FUNDS - INTERNAL SOURCES	2,344,696,419	2,365,992,495	2,066,143,939	1,919,754,483	1,889,676,022
LESS DIVIDENDS PREFERRED	1,827,172	1,882,019	1,926,159	1,958,069	2,025,511
COMMON	835,568,997	754,468,648	669,001,632	615,888,229	663,775,076
NET FUNDS - INTERNAL SOURCES	1,507,300,250	1,609,641,828	1,395,216,148	1,301,908,185	1,223,875,435
EXTERNAL					
LONG TERM DEBT	374,342,082	160,744,602	65,833,131	63,680,792	391,838,157
PREFERRED STOCK	-	-	-	46,390	-
COMMON STOCK	1,614,633	199,097	29,352,886	56,000,692	11,016,179
NET INCREASE IN SHORT TERM DEBT	16,804,077	11,958,192	8,412,405	2,285,889	13,729,196
OTHER (NET)	4,908,774	160,121,367	60,134	43,640,345	15,275
TOTAL FUNDS - EXTERNAL SOURCES	397,669,566	333,023,258	103,658,556	165,654,108	416,598,807
OTHER SOURCES					
NET DECREASE IN WORKING CAPITAL	135,362,419	32,584,995	309,947,691	286,776,581	102,188,732
OTHER	83,381,034	11,920,776	2,561,300	2,129,009	7,741,618
TOTAL FUNDS PROVIDED	$ 2,123,713,267	$ 1,987,170,857	$ 1,811,383,695	$ 1,756,467,884	$ 1,750,404,592
USES OF FUNDS					
CONSTRUCTION EXPENDITURES					
TELEPHONE PLANT	$ 1,693,480,525	$ 1,573,651,388	$ 1,503,931,655	$ 1,370,235,698	$ 1,334,715,845
NON-UTILITY PLANT	519,057	650,259	371,385	48,632	116,203
OTHER	95,817	6,212	40,996	5,274-	44,334
TOTAL CONSTRUCTION	1,694,095,399	1,574,307,859	1,504,344,036	1,370,279,056	1,334,876,382
LESS INTEREST CAPITALIZED	57,269,656	49,572,362	51,755,432	46,099,914	41,535,850
TOTAL EXCLUDING INTEREST CAPITALIZED	1,636,825,743	1,524,735,497	1,452,588,604	1,324,179,142	1,293,340,532
RETIREMENT OF SECURITIES					
LONG TERM DEBT	101,079,425	63,484,533	108,379,907	63,269,360	8,100,129
PREFERRED STOCK	265,700	761,400	357,200	482,200	1,801,676
REDEMPTION OF CAPITAL STOCK	9,000	900	8,200	18,450	18,400
NET DECREASE IN SHORT TERM DEBT	689,346	2,278,628	32,351,559	238,552,838	340,551,980
OTHER (NET)	833,559	98,397	233,489	575,592	35,600
TOTAL RETIREMENT OF SECURITIES	102,877,030	66,623,858	14[illegible],330,355	302,898,440	350,507,785
OTHER USES					
NET INCREASE IN WORKING CAPITAL	323,376,594	161,302,069	67,622,135	10,521,724	28,685,634
OTHER	50,633,899	234,509,432	149,842,602	118,868,577	77,870,641
TOTAL FUNDS APPLIED	$ 2,123,713,267	$ 1,987,170,857	$ 1,811,383,695	$ 1,756,467,883	$ 1,750,404,592

TABLE 47

COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS					
TELEPHONE OPERATING INCOME					
OPERATING REVENUES	$ 9,768,023,360	$ 9,426,575,191	$ 9,045,115,603	$ 8,652,689,113	$ 7,511,087,512
OPERATION AND MAINTENANCE EXPENSE	5,502,755,805	5,231,451,677	5,220,885,344	5,030,038,340	3,961,068,762
EXTRAORDINARY RETIREMENTS	-	5,637	5,637	5,637	5,637
DEPRECIATION	1,397,562,103	1,125,777,865	998,260,681	901,559,197	907,020,826
AMORTIZATION	170,345	170,345	170,345	170,345	170,345
TAXES OTHER THAN INCOME TAXES-OPERATING	1,092,123,149	1,057,619,210	1,006,723,822	1,128,626,530	1,060,399,739
INCOME TAXES-OPERATING	343,873,289	343,129,336	335,229,316	163,082,581	141,045,790
OPERATING INCOME TAXES DEFERRED	347,288,698	445,432,433	418,293,822	407,425,737	378,259,679
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	244,992,860-	135,772,585-	90,551,970-	74,382,545-	39,948,568-
TOTAL OPERATING EXPENSES	8,438,780,528	8,067,813,919	7,889,017,000	7,556,525,825	6,408,022,211
TOTAL TELEPHONE OPERATING INCOME	1,329,242,832	1,358,761,272	1,156,098,603	1,096,163,288	1,103,065,301
OTHER INCOME					
DIVIDEND INCOME	29,744,400	25,332,256	14,017,013	9,339,433	8,834,714
INTEREST INCOME	8,722,918	26,097,203	10,756,430	14,533,148	17,433,587
ALLOWANCE FOR CONSTRUCTION FUNDS	57,297,835	49,572,359	51,755,432	46,099,914	41,543,226
INCOME FROM SINKING AND OTHER FUNDS	60,818	60,818	65,968	60,818	58,223
INCOME FROM MISC. PHYSICAL PROPERTY	4,159,058	705,138	203,820	2,140,774	723,725-
MISCELLANEOUS INCOME	508,789-	14,365,678	7,998,720	25,572,760	1,128,403
TOTAL OTHER INCOME	99,476,242	116,133,453	84,797,383	97,746,848	68,274,429
TOTAL INCOME	1,428,719,074	1,474,894,725	1,240,895,986	1,193,910,136	1,171,339,730
INCOME DEDUCTIONS					
TAXES OTHER THAN INC. TAXES-NONOPERATING	1,884,030	990,046	1,672,151	3,383,314	2,552,255
INCOME TAXES-NONOPERATING	719,092	7,552,784	1,294,730	12,450,434	445,811
MISCELLANEOUS INCOME CHARGES	17,593,360	16,394,412	12,097,583	11,073,241	13,486,080
TOTAL INCOME DEDUCTIONS	20,196,482	24,937,242	15,064,464	26,906,989	16,484,146
INCOME BEFORE INTEREST CHARGES	1,408,522,592	1,449,957,484	1,225,831,522	1,167,003,147	1,154,855,584
INTEREST CHARGES					
INTEREST ON LONG-TERM DEBT	331,390,873	333,985,672	341,504,557	351,414,864	341,496,613
AMORT. OF DEBT DISCOUNT AND EXPENSE	6,279,629	5,294,368	2,688,421	1,763,572	1,603,746
AMORT. OF PREMIUM ON DEBT-CREDIT	108,032-	108,445-	108,474-	108,420-	108,583-
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-
OTHER INTEREST EXPENSE	36,860,515	50,433,079	53,539,334	53,683,352	90,781,573
TOTAL INTEREST CHARGES	374,422,986	389,604,675	397,623,838	406,753,368	433,773,349
INCOME BEFORE EXTRAORDINARY/DELAYED ITEMS	1,034,099,603	1,060,352,808	828,207,583	760,249,778	721,082,234
EXTRAORDINARY & DELAYED ITEMS - NET LESS TAX EFFECT	4,583,233	1,121,953	2,952,478	7,570,327	29,312,686-
NET INCOME	$ 1,038,682,836	$ 1,061,474,763	$ 831,160,161	$ 767,820,105	$ 691,769,548
RETAINED EARNINGS					
BEGINNING OF YEAR	$ 2,030,122,513	$ 1,725,064,663	$ 1,568,645,225	$ 1,430,262,264	$ 1,231,236,105
TRANSFERRED FROM INCOME	1,038,682,842	1,061,474,764	831,160,161	767,820,105	691,769,548
MISCELLANEOUS CREDITS	2,012,956	-	3,330	24,534	-
MISCELLANEOUS DEBITS	16,619	12,974	4,335,603	11,696,100	81,251
APPROPRIATIONS	-	-	-	-	-
DIVIDENDS DECLARED-PREFERRED STOCK	1,831,172	1,882,019	1,926,157	1,958,070	2,025,511
-COMMON STOCK	835,564,990	754,468,646	669,001,632	615,908,230	663,775,076
BALANCE END OF YEAR	2,233,405,530	2,030,175,787	1,724,545,319	1,568,544,504	1,257,123,816
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-
TOTAL END OF YEAR	$ 2,233,405,536	$ 2,030,175,786	$ 1,724,545,319	$ 1,568,544,501	$ 1,257,123,816
SELECTED INCOME ACCOUNT RELATIONSHIPS					
NET INCOME-PERCENT OF OPERATING REVENUES	10.6	11.2	9.1	8.8	9.2
PRETAX COVERAGE OF INTEREST CHARGES	5.0	5.4	4.7	4.1	3.8
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	80.5	71.2	80.6	80.4	96.2
RETURN ON COMMON EQUITY	15.9	17.2	14.2	13.1	11.7

TABLE 57

COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE FOR THE YEARS ENDED DECEMBER 31

TELEPHONE OPERATING REVENUES

ITEM	1987	1986	1985	1984	1983
LOCAL REVENUES	$ 4,556,875,704	$ 4,594,461,289	$ 4,298,076,362	$ 4,039,503,629	$ 4,287,209,447
ACCESS REVENUES	2,394,609,872	2,238,961,577	1,892,041,110	-	-
TOLL REVENUES	2,331,148,751	2,158,728,233	2,351,270,368	2,581,343,474	3,071,608,603
MISCELLANEOUS REVENUES	564,388,178	522,792,163	554,560,600	2,115,655,700	241,969,614
UNCOLLECTIBLE REVENUES-DR	78,999,139	88,369,144	50,832,365	83,813,692	89,700,153
TOTAL OPERATING REVENUES	$ 9,768,023,360	$ 9,426,574,120	$ 9,045,116,075	$ 8,652,689,112	$ 7,511,087,513
ACCESS LINES IN SERVICE	10,165,185	9,911,951	9,722,031	9,384,370	9,208,319

TELEPHONE OPERATING REVENUE RELATIONSHIPS

REVENUE PER AVERAGE ACCESS LINE*	1987	1986	1985	1984	1983
LOCAL REVENUE	$ 453.94	$ 468.01	$ 449.91	$ 434.53	$ 474.78
ACCESS REVENUE	238.54	228.07	198.05		
TOLL REVENUE	232.22	219.90	246.12	277.67	340.16

*YEAR END AVERAGE

OPERATION AND MAINTENANCE EXPENSES

ITEM	1987	1986	1985	1984	1983
MAINTENANCE EXPENSES	$ 1,732,277,811	$ 1,698,081,229	$ 1,643,559,852	$ 1,619,705,380	$ 1,753,384,082
DEPRECIATION & AMORTIZATION	1,397,732,448	1,125,953,847	998,436,664	901,735,179	907,196,808
TRAFFIC EXPENSES	306,128,858	324,935,646	299,624,229	295,726,113	296,083,796
COMMERCIAL EXPENSES	863,658,309	799,665,497	777,209,492	820,054,884	696,165,580
ACCESS EXPENSES	999,667,970	836,961,290	971,259,303	-	-
GENERAL OFFICE SALARIES & EXPENSES	683,607,887	626,746,628	546,147,050	504,552,074	474,780,890
OTHER OPERATING EXPENSES	920,402,042	945,054,902	983,076,715	1,789,998,326	740,658,364
TOTAL O & M EXPENSES	$ 6,903,475,329	$ 6,357,399,045	$ 6,219,313,305	$ 5,931,771,959	$ 4,868,269,521

TABLE 6T

DISTRIBUTION OF TELEPHONE REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983
REVENUES	$ 9,768,023,360	$ 9,426,575,191	$ 9,045,115,603	$ 8,652,689,113	$ 7,511,087,512
ACCESS LINES - AVERAGE*	10,038,568	9,816,991	9,553,201	9,296,345	9,029,859
			DOLLAR AMOUNTS		
WAGES AND BENEFITS	$ 2,159,393,405	$ 2,397,236,036	$ 2,244,098,416	$ 2,496,862,130	$ 2,787,463,428
OTHER OPERATION AND MAINTENANCE EXPENSES	3,343,362,403	2,834,215,642	2,976,786,931	2,533,176,210	1,173,605,333
DEPRECIATION AND AMORTIZATION EXPENSES	1,397,732,448	1,125,948,210	998,431,027	901,729,542	907,191,171
EXTRAORDINARY RETIREMENTS	-	5,637	5,637	5,637	5,637
INCOME TAXES - OPERATING	446,169,127	652,789,184	662,971,168	496,125,773	479,356,901
OTHER TAXES - OPERATING	1,092,123,149	1,057,619,210	1,006,723,822	1,128,626,530	1,060,399,739
INTEREST CHARGES **	359,226,719	376,493,012	380,933,867	391,170,141	419,764,225
PREFERRED DIVIDENDS**	1,774,622	1,832,035	1,873,251	1,922,687	1,987,630
EARNINGS AVAILABLE FOR COMMON EQUITY	968,241,491	980,436,225	773,291,485	703,070,460	681,313,446
TOTAL	$ 9,768,023,360	$ 9,426,575,191	$ 9,045,115,603	$ 8,652,689,113	$ 7,511,087,512
		PERCENT OF REVENUES			
WAGES AND BENEFITS	22.1	25.4	24.8	28.9	37.1
OTHER OPERATION AND MAINTENANCE EXPENSES	34.3	30.1	32.9	29.3	15.6
DEPRECIATION AND AMORTIZATION EXPENSES	14.3	11.9	11.0	10.4	12.1
EXTRAORDINARY RETIREMENTS	-	-	-	-	-
INCOME TAXES - OPERATING	4.6	6.9	7.3	5.7	6.4
OTHER TAXES - OPERATING	11.2	11.2	11.1	13.0	14.1
INTEREST CHARGES**	3.7	4.0	4.2	4.5	5.6
PREFERRED DIVIDENDS **	-	-	-	-	-
EARNINGS AVAILABLE FOR COMMON EQUITY	9.9	10.4	8.5	8.1	9.1
TOTAL	100.0	100.0	100.0	100.0	100.0
		DOLLARS PER AVERAGE ACCESS LINE PER MONTH			
WAGES AND BENEFITS	$ 17.93	$ 20.35	$ 19.58	$ 22.38	$ 25.72
OTHER OPERATION AND MAINTENANCE EXPENSES	27.75	24.06	25.97	22.71	10.83
DEPRECIATION AND AMORTIZATION EXPENSES	11.60	9.56	8.71	8.08	8.37
EXTRAORDINARY RETIREMENTS	-	-	-	-	-
INCOME TAXES - OPERATING	3.70	5.54	5.78	4.45	4.42
OTHER TAXES - OPERATING	9.07	8.98	8.78	10.12	9.79
INTEREST CHARGES **	2.98	3.20	3.32	3.51	3.87
PREFERRED DIVIDENDS **	0.01	0.02	0.02	0.02	0.02
EARNINGS AVAILABLE FOR COMMON EQUITY	8.04	8.32	6.75	6.30	6.29
TOTAL	$ 81.09	$ 80.02	$ 78.90	$ 77.56	$ 69.32

* YEAR END AVERAGE

**NET OF AFC

Water Companies

TABLE 1W

COMPARATIVE BALANCE SHEETS AND STATEMENTS OF UTILITY PLANT
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983
ASSETS AND OTHER DEBITS					
WATER PLANT	$ 350,884,370	$ 323,629,046	$ 306,493,336	$ 289,796,120	$ 271,013,112
ACCUM PROV FOR DEPR & AMORT	80,739,067	75,997,949	73,534,469	69,799,893	66,609,110
NET WATER PLANT	270,145,303	247,631,096	232,958,866	219,996,225	204,404,001
OTHER PHYSICAL PROPERTY	314,531	314,571	314,608	314,648	314,688
INVESTMENTS IN ASSOCIATED COMPANIES	21,525,522	20,877,352	21,213,384	19,962,989	18,938,024
OTHER INVESTMENTS AND FUNDS	31,013	21,707	9,132	4,786	7,939
TOTAL INVESTMENT AND FUND ACCOUNTS	21,871,066	21,213,630	21,537,124	20,282,423	19,260,651
CASH AND WORKING FUNDS	6,747,819	7,210,311	5,925,953	6,313,890	1,666,191
SPECIAL DEPOSITS	5,296,790	4,290,596	5,374,897	2,855,389	60,710
TEMPORARY CASH INVESTMENTS	11,207,563	3,975,000	100	400,100	100
NOTES & ACCTS RECEIVABLE, LESS ACCUM PROV FOR UNCOLLECTIBLE ACCOUNTS	16,478,848	14,698,235	13,648,619	14,783,554	14,059,402
RECEIVABLES - ASSOCIATED COMPANIES	2,854,069	3,460,416	2,861,445	2,625,088	4,535,941
MATERIALS AND SUPPLIES	3,024,669	2,612,087	2,664,121	2,384,637	2,185,014
PREPAYMENTS	4,234,977	4,465,634	3,790,107	3,116,129	3,126,819
OTHER CURRENT AND ACCRUED ASSETS	7,858,502	7,731,665	6,457,770	5,946,240	5,411,491
TOTAL CURRENT AND ACCRUED ASSETS	57,703,237	48,443,945	40,723,014	38,425,031	31,045,669
UNAMORTIZED DEBT EXPENSE	2,730,483	2,253,683	2,424,389	2,575,467	2,263,110
EXTRAORDINARY PROPERTY LOSSES	-	-	-	-	-
PREL SURVEY & INVESTIGATION CHARGES	49,192	39,611	85,511	131,603	26,691
CLEARING ACCOUNTS	58,728	7,258	66,141	37,919	31,302
ACCUM DEFERRED INCOME TAXES	34,443-	10,456	-	10,456	9,581
OTHER DEFERRED DEBITS	2,155,057	2,614,842	2,134,469	2,734,945	2,734,381
TOTAL DEFERRED DEBITS	4,959,017	4,925,850	4,710,510	5,490,390	5,065,065
TOTAL ASSETS AND OTHER DEBITS	$ 354,678,623	$ 322,133,522	$ 299,929,515	$ 284,194,073	$ 259,775,389
WATER UTILITY PLANT					
PLANT IN SERVICE	$ 336,378,189	$ 312,189,183	$ 298,294,625	$ 281,841,716	$ 262,085,890
PLANT LEASED TO OTHERS	-	-	7,004	-	-
CONSTRUCTION WORK IN PROGRESS	13,421,336	10,274,618	6,969,426	5,477,216	7,440,502
PLANT HELD FOR FUTURE USE	190,312	217,176	220,176	239,512	239,286
PLANT ACQUISITION ADJUSTMENTS	1,385,894	1,439,929	1,493,965	1,547,996	1,557,755
OTHER PLANT ADJUSTMENTS	-	-	-	-	-
ACCUM GAINS & LOSSES FROM DISP OF UTILITY LAND & LAND RIGHTS	491,861-	491,861-	491,861-	310,321-	310,321-
TOTAL WATER UTILITY PLANT	350,884,370	323,629,046	306,493,336	289,796,119	271,013,112
ACCUM PROV FOR DEPR & AMORT	80,739,067	75,997,949	73,534,469	69,799,893	66,609,110
NET WATER UTILITY PLANT	$ 270,145,303	$ 247,631,096	$ 232,958,866	$ 219,996,225	$ 204,404,002
PLANT IN SERVICE					
BEGINNING OF YEAR	$ 312,189,186	$ 295,290,080	$ 281,841,714	$ 262,085,891	$ 250,337,902
ADDITIONS	25,391,938	19,303,531	18,818,050	21,303,967	13,147,865
RETIREMENTS	994,547	2,144,351	1,281,775	1,192,037	1,164,365
TRANSFERS AND ADJUSTMENTS	208,387-	260,064-	1,083,367-	356,105-	235,511-
END OF YEAR	$ 336,378,189	$ 312,189,195	$ 298,294,624	$ 281,841,716	$ 262,085,891

TABLE 2W.

COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983
LIABILITIES AND OTHER CREDITS					
COMMON CAPITAL STOCK	$ 34,462,429	$ 34,462,429	$ 34,740,329	$ 34,740,329	$ 34,740,329
PREFERRED CAPITAL STOCK	14,916,840	10,817,130	11,586,820	12,137,710	12,488,600
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-
PREMIUM ON CAPITAL STOCK	2,872,127	2,605,966	2,322,052	2,322,052	2,322,052
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-
OTHER PAID-IN CAPITAL	16,853,075	14,952,014	12,913,462	12,913,462	11,462,008
CAPITAL STOCK EXPENSE	657,831-	438,802-	439,584-	440,366-	440,951-
RETAINED EARNINGS	103,819,995	95,031,910	86,886,671	79,345,033	69,494,937
REACQUIRED CAPITAL STOCK	-	-	-	-	-
TOTAL PROPRIETARY CAPITAL	172,266,635	157,430,647	148,009,755	141,018,221	130,066,975
BONDS (LESS BONDS REACQUIRED)	61,009,375	57,656,375	66,421,500	66,532,500	65,112,268
ADVANCES FROM ASSOCIATED COMPANIES	1,207,784	6,413,492	6,419,503	1,388,100	1,379,318
OTHER LONG TERM DEBT	27,424,235	20,493,469	21,331,224	19,015,100	13,425,515
NET UNAMORTIZED DEBT PREMIUM + DISCOUNT	21,977-	22,957-	23,938-	24,918-	-
TOTAL LONG TERM DEBT	89,619,417	84,540,379	94,148,290	86,910,783	79,917,102
NOTES AND ACCOUNTS PAYABLE	11,267,382	9,014,816	7,862,543	8,361,933	9,462,341
PAYABLES TO ASSOCIATED COMPANIES	22,703,063	15,846,928	4,639,032	11,978,588	11,440,650
CUSTOMERS' DEPOSITS	1,038,639	1,101,781	1,038,134	964,493	957,555
TAXES ACCRUED	6,139,665	4,886,591	7,174,958	2,898,785	2,677,453
OTHER CURRENT AND ACCRUED LIABILITIES	11,644,139	13,063,364	8,554,659	7,949,943	6,323,775
TOTAL CURRENT AND ACCRUED LIABILITIES	52,792,888	43,913,482	29,269,329	32,153,744	30,861,777
CUSTOMER ADVANCES FOR CONSTRUCTION	14,923,954	12,969,861	9,301,816	7,616,273	6,452,407
ACCUM. DEFERRED INVESTMENT TAX CREDITS	7,284,415	7,072,944	7,022,107	5,411,777	3,469,187
OTHER DEFERRED CREDITS	7,344,129	5,290,761	4,068,309	4,392,538	3,595,103
ACCUMULATED DEFERRED INCOME TAXES:					
ACCELERATED AMORIZATION	229,914	238,914	250,761	256,914	265,914
LIBERALIZED DEPRECIATION	9,914,898	7,773,227	5,552,080	3,938,976	2,640,084
OTHER	157,018-	1,495,617	890,990	1,085,965	853,278
TOTAL DEFERRED CREDITS	39,540,292	34,841,324	27,086,062	22,702,443	17,275,974
OPERATING RESERVES	459,391	1,407,689	1,416,078	1,408,878	1,653,559
TOTAL LIABILITIES AND OTHER CREDITS	$ 354,678,623	$ 322,133,522	$ 299,929,515	$ 284,194,073	$ 259,775,389
SELECTED BALANCE SHEET RELATIONSHIPS					
CURRENT ASSETS / CURRENT LIABILITIES	1.09	1.10	1.39	1.20	1.01
PERCENT OF CAPITALIZATION:					
LONG TERM DEBT	34.2	34.9	38.8	38.1	38.0
PREFERRED STOCK	5.6	4.4	4.7	5.3	5.9
COMMON STOCK & OTHER PAID-IN CAPITAL	20.4	21.3	20.4	21.7	22.8
RETAINED EARNINGS	39.6	39.2	35.8	34.8	33.0
LONG-TERM DEBT: % OF GROSS WATER PLANT	25.5	26.1	30.7	29.9	29.4
ACCUM. PROV. FOR DEPR. & AMORT.:					
% OF WATER PLANT	22.7	23.4	23.9	24.0	24.5

TABLE 3W

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983
SOURCE OF FUNDS					
INTERNAL:					
NET INCOME	$ 15,660,849	$ 17,395,149	$ 15,384,769	$ 16,366,395	$ 14,244,349
DEPRECIATION AND AMORTIZATIION	7,000,705	6,391,358	6,655,396	5,471,043	5,461,468
DEFERRED INCOME TAXES (NET)	558,069	2,812,582	2,992,091	3,288,931	1,803,713
INTEREST CAPITALIZED	887,762-	570,205-	628,730-	872,958-	377,613-
OTHER (NET)	1,117,138	69,806-	299,100	918,660	266,833
SUBTOTAL	23,448,999	25,959,078	24,702,629	25,172,071	21,398,753
EXTRAORDINARY ITEMS	-	197,845-	-	1,560	169,052-
TOTAL FUNDS - INTERNAL SOURCES	23,448,999	25,761,233	24,702,629	25,173,631	21,229,701
LESS DIVIDENDS: PREFERRED	1,484,047	1,114,048	1,111,955	1,175,141	1,144,429
COMMON	6,589,498	6,844,839	6,735,595	5,339,562	4,279,346
NET FUNDS - INTERNAL SOURCES	15,375,454	17,802,346	16,855,079	18,658,928	15,805,926
EXTERNAL:					
LONG TERM DEBT	8,127,725	925,875	9,305,877	6,225,000	591,958
PREFERRED STOCK	5,000,000	-	-	-	1,000,000
COMMON STOCK	-	-	-	-	1,015,917
NET INCREASE IN SHORT TERM DEBT	983,665	2,517,799	109,550	7,255,431	5,562,744
OTHER (NET)	8,030,846	7,378,745	914,109	2,973,379	3,501,481
TOTAL FUNDS - EXTERNAL SOURCES	22,142,236	10,822,419	10,329,537	16,453,810	11,672,101
OTHER SOURCES:					
NET DECREASE IN WORKING CAPITAL	4,496,701	5,175,451	5,643,407	434,270	92,467-
OTHER	1,604,673	4,138,480	1,097,325	940,132	864,934
TOTAL FUNDS PROVIDED	$ 43,619,064	$ 37,938,696	$ 33,925,349	$ 36,487,141	$ 28,250,494
USES OF FUNDS					
CONSTRUCTION EXPENDITURES:					
WATER PLANT	$ 27,864,553	$ 21,694,613	$ 18,302,478	$ 20,198,808	$ 14,450,606
NON-UTILITY PLANT	-	-	-	-	-
OTHER	27,125	12,424	-	-	-
TOTAL CONSTRUCTION	27,891,678	21,707,037	18,302,478	20,198,808	14,450,606
LESS INTEREST CAPITALIZED	887,762	570,205	628,730	872,958	377,613
TOTAL EXCLUDING INTEREST CAPITALIZED	27,003,916	21,136,832	17,673,748	19,325,850	14,072,993
RETIREMENT OF SECURITIES					
LONG TERM DEBT	6,918,117	8,924,310	2,072,479	4,453,873	3,180,431
PREFERRED STOCK	900,290	769,690	550,890	350,890	350,890
REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
NET DECREASE IN SHORT TERM DEBT	1,010,728	1,509,000	5,562,527	1,750,000	3,347,000
OTHER (NET)	8,403	7,807	2,684,613	2,922,639	857,949
TOTAL RETIREMENT OF SECURITIES	8,837,538	11,210,807	10,870,509	9,477,402	7,736,270
OTHER USES					
NET INCREASE IN WORKING CAPITAL	5,056,640	3,424,135	1,400,913	4,441,528	3,036,275
OTHER	2,720,970	2,166,922	3,980,179	3,242,361	3,404,954
TOTAL FUNDS APPLIED	$ 43,619,064	$ 37,938,696	$ 33,925,349	$ 36,487,141	$ 28,250,494

TABLE 4W

COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS					
WATER OPERATING INCOME					
OPERATING REVENUES	$ 142,037,824	$ 135,610,695	$ 127,991,831	$ 123,083,099	$ 113,491,626
OPERATION AND MAINTENANCE EXPENSE	65,959,705	60,436,813	55,436,787	52,096,932	48,030,241
DEPRECIATION	5,613,169	5,307,552	4,964,201	4,375,316	4,105,145
AMORTIZATION	25,027	54,313	25,091	25,825	21,813
TAXES OTHER THAN INCOME TAXES	35,910,061	32,483,514	33,330,893	33,247,335	31,470,971
INCOME TAXES	9,228,058	10,394,797	8,958,836	8,604,647	6,726,667
TOTAL OPERATING EXPENSES	116,736,020	108,676,990	102,715,812	98,350,058	90,354,840
NET OPERATING REVENUES	25,301,804	26,933,705	25,276,018	24,733,039	23,136,784
INC. - LEASED PLANT	-	421	-	400	4,725
TOTAL WATER OPERATING INCOME	25,301,804	26,934,126	25,276,018	24,733,439	23,141,509
OTHER INCOME					
MERCH., JOBBING, & CONTRACT WORK	18,045	131,267	81,881	1,541	23,427
INCOME FROM NONUTILITY OPERATIONS	3,019	484,749-	810,009-	677,081-	670,853-
NONOPERATING RENTAL INCOME	51,937	55,823	54,544	51,887	49,834
INTEREST AND DIVIDEND INCOME	202,059	407,854	340,071	507,140	98,052
ALLOWANCE FOR CONSTRUCTION FUNDS	888,368	652,467	631,203	872,958	377,613
MISCELLANEOUS NONOPERATING INCOME	228,474-	653,785	1,494,417	1,534,877	1,519,767
GAIN ON DISPOSITION OF PROPERTY	27	2,855	190	253	1,616
TOTAL OTHER INCOME	934,981	1,419,304	1,792,299	2,291,575	1,399,456
TOTAL INCOME	26,236,785	28,353,430	27,068,317	27,025,014	24,540,965
OTHER INCOME DEDUCTIONS					
LOSS ON DISPOSITION OF PROPERTY	-	-	-	-	-
MISCELLANEOUS AMORTIZATION	54,817	54,817	54,817	10,545	10,141
MISCELLANEOUS DEDUCTIONS	49,410	47,812	24,334	81,352	174,644
TAXES OTHER THAN INC. TAXES-NONOPERATING	14,311	21,308	21,212	19,450	41,892
INCOME TAXES-NONOPERATING	387,010	385,159	344,933	78,288-	173,101-
TOTAL INCOME DEDUCTIONS	505,548	509,096	445,296	33,059	53,576
INCOME BEFORE INTEREST CHARGES	25,731,237	27,844,334	26,623,021	26,991,955	24,487,389
INTEREST CHARGES					
INTEREST ON LONG-TERM DEBT	7,271,337	8,133,792	8,547,489	7,240,928	6,986,543
AMORT. OF DEBT DISCOUNT EXPENSE	182,697	199,097	245,702	229,952	229,387
AMORT. OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-
INTEREST ON DEBT TO ASSOCIATED COMPANIES	2,539,230	2,133,472	2,282,101	2,503,688	2,147,497
OTHER INTEREST CHARGES	77,122	179,115	162,958	650,993	879,612
TOTAL INTEREST CHARGES	10,070,386	10,645,476	11,238,253	10,625,562	10,243,041
EXTRAORDINARY ITEMS - NET	-	197,845-	-	1,560	-
NET INCOME	$ 15,660,851	$ 17,001,013	$ 15,384,769	$ 16,367,954	$ 14,244,349
RETAINED EARNINGS					
BEGINNING OF YEAR	$ 95,031,910	$ 85,969,708	$ 79,345,033	$ 69,494,937	$ 60,855,388
TRANSFERRED FROM INCOME	15,660,853	17,001,013	15,384,769	16,367,955	14,244,349
APPROPRIATIONS	-	-	-	-	-
DIVIDENDS DECLARED-PREFERRED STOCK	1,103,404	1,114,048	1,111,955	1,175,141	1,123,535
-COMMON STOCK	6,970,139	6,844,839	6,735,595	5,339,562	4,300,240
ADJUSTMENTS	82,582-	20,075	4,418	3,156-	181,026-
BALANCE END OF YEAR	102,536,639	95,031,910	86,886,671	79,345,033	69,494,937
APPROPRIATED RETAINED EARNINGS	1,283,356	-	-	-	-
TOTAL END OF YEAR	$ 103,819,995	$ 95,031,910	$ 86,886,671	$ 79,345,033	$ 69,494,937
SELECTED INCOME ACCOUNT RELATIONSHIPS					
NET INCOME - % OF OPERATING REVENUES	11.0	12.5	12.0	13.2	12.5
PRETAX COVERAGE OF INTEREST EXPENSE	3.5	3.6	3.2	3.3	3.0
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	47.8	43.0	47.1	35.1	32.7
RETURN ON COMMON EQUITY	9.5	11.2	10.7	12.3	11.6

TABLE 5W.

COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE

FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983
WATER OPERATING REVENUES					
REVENUES					
METERED SALES TO GENERAL CUSTOMERS	$ 121,195,775	$ 112,313,487	$ 101,161,454	$ 93,881,372	$ 83,547,934
UNMETERED SALES TO GENERAL CUSTOMERS	2,649,650	5,597,267	11,073,915	14,571,507	16,690,110
SALES TO OTHER WATER COMPANIES	233,996	213,599	159,186	157,088	129,856
OTHER SALES OF WATER	17,465,730	16,653,540	14,679,296	13,605,459	12,364,382
TOTAL REVENUES FROM SALES OF WATER	141,545,151	134,777,894	127,073,853	122,215,428	112,732,285
OTHER WATER OPERATING REVENUES	492,673	832,801	917,979	867,671	759,341
TOTAL WATER OPERATING REVENUES	$ 142,037,824	$ 135,610,695	$ 127,991,832	$ 123,083,099	$ 113,491,626
WATER SALES (T GALLONS)					
METERED SALES TO GENERAL CUSTOMERS	51,862,193	50,841,717	46,458,818	44,969,103	42,613,928
UNMETERED SALES TO GENERAL CUSTOMERS	2,400,236	4,534,618	7,858,125	11,313,060	15,427,366
SALES TO OTHER WATER COMPANIES	212,790	193,655	148,064	151,142	129,085
OTHER SALES OF WATER	263,428	204,959	195,330	190,864	206,888
TOTAL SALES OF WATER	54,738,647	55,774,949	54,660,337	56,624,169	58,377,267
AVERAGE CUSTOMERS PER MONTH					
METERED SALES TO GENERAL CUSTOMERS	342,632	327,141	309,101	283,231	263,713
UNMETERED SALES TO GENERAL CUSTOMERS	11,316	23,391	39,840	62,774	80,682
SALES TO OTHER WATER COMPANIES	5	5	5	4	4
OTHER SALES OF WATER	3,361	3,235	3,154	2,906	3,195
TOTAL CUSTOMERS	357,314	353,772	352,100	348,915	347,594
WATER OPERATING REVENUE RELATIONSHIPS					
METERED GENERAL CUSTOMERS					
AVG. ANNUAL BILL PER CUSTOMER	$ 353.71	$ 343.31	$ 327.27	$ 331.46	$ 316.81
AVG. CONSUMPTION PER CUSTOMER (T. GAL)	151.36	155.41	150.30	158.77	161.59
AVG. REVENUE PER T. GALLONS SOLD (CENTS)	233.69	220.91	217.74	208.77	196.06
UNMETERED GENERAL CUSTOMERS					
AVG. ANNUAL BILL PER CUSTOMER	$ 234.15	$ 239.29	$ 277.95	$ 232.12	$ 206.86
AVG. CONSUMPTION PER CUSTOMER (T. GAL)	212.10	193.86	197.24	180.21	191.21
AVG. REVENUE PER T.GALLONS SOLD(CENTS)	110.39	123.43	140.92	128.80	108.19
WATER OPERATION AND MAINTENANCE EXPENSES					
SOURCE OF SUPPLY	$ 3,770,200	$ 3,619,592	$ 3,356,605	$ 3,613,419	$ 3,522,637
POWER AND PUMPING	13,386,642	13,017,362	13,826,931	14,056,529	13,932,255
PURIFICATION	4,403,062	4,221,673	3,703,414	3,360,238	3,199,045
TRANSMISSION AND DISTRIBUTION	15,969,023	13,625,804	11,743,016	10,230,292	8,880,169
CUSTOMERS ACCT'G & COLLECTING	8,394,076	8,108,629	7,827,774	6,416,707	5,833,764
ADMINISTRATIVE & GENERAL	20,036,700	17,843,752	14,979,047	14,419,748	12,662,370
TOTAL WATER O & M EXPENSES	$ 65,959,703	$ 60,436,813	$ 55,436,788	$ 52,096,934	$ 48,030,241

TABLE 6W

DISTRIBUTION OF WATER REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983
REVENUES	$ 142,037,824	$ 135,610,695	$ 127,991,831	$ 123,083,099	$ 113,491,626
SALES (THOUSAND GALLONS)	54,738,647	55,774,949	54,660,337	56,624,169	58,377,267
DOLLAR AMOUNTS					
PURCHASED WATER, FUEL, OR POWER FOR PUMPING & CHEMICALS	$ 11,370,025	$ 11,757,511	$ 12,674,471	$ 13,853,849	$ 14,069,405
WAGES AND BENEFITS	26,273,715	23,256,113	21,749,076	20,025,712	18,102,306
OTHER OPERATION AND MAINTENANCE EXPENSES	28,315,963	25,422,768	21,013,241	18,216,973	15,853,805
DEPRECIATION AND MAINTENANCE EXPENSES	5,638,196	5,361,865	4,989,292	4,401,141	4,126,958
INCOME TAXES - OPERATING	9,228,058	10,394,797	8,958,836	8,604,647	6,726,667
OTHER TAXES - OPERATING	35,910,061	32,483,514	33,330,893	33,247,335	31,470,971
INTEREST CHARGES*	9,722,908	10,360,331	10,960,576	10,195,527	10,073,768
PREFERRED DIVIDENDS*	1,072,672	1,087,242	1,081,424	1,120,186	1,087,668
EARNINGS AVAILABLE FOR COMMON EQUITY	14,506,224	15,486,553	13,234,018	13,417,727	11,980,073
TOTAL	$ 142,037,824	$ 135,610,695	$ 127,991,831	$ 123,083,099	$ 113,491,626
PERCENT OF REVENUES					
PURCHASED WATER, FUEL OR POWER FOR PUMPING & CHEMICALS	8.0	8.7	9.9	11.3	12.4
WAGES AND BENEFITS	18.5	17.1	17.0	16.3	16.0
OTHER OPERATION AND MAINTENANCE EXPENSES	19.9	18.7	16.4	14.8	14.0
DEPRECIATION AND AMORTIZATION EXPENSES	4.0	4.0	3.9	3.6	3.6
INCOME TAXES - OPERATING	6.5	7.7	7.0	7.0	5.9
OTHER TAXES - OPERATING	25.3	24.0	26.0	27.0	27.7
INTEREST CHARGES*	6.8	7.6	8.6	8.3	8.9
PREFERRED DIVIDENDS*	0.8	0.8	0.8	0.9	1.0
EARNINGS AVAILABLE FOR COMMON EQUITY	10.2	11.4	10.3	10.9	10.6
TOTAL	100.0	100.0	100.0	100.0	100.0
CENTS PER THOUSAND GALLONS SOLD					
PURCHASED WATER, FUEL OR POWER FOR PUMPING & CHEMICALS	20.77	21.08	23.19	24.47	24.10
WAGES AND BENEFITS	48.00	41.70	39.79	35.37	31.01
OTHER OPERATION AND MAINTENANC EXPENSES	51.73	45.58	38.44	32.17	27.16
DEPRECIATION AND AMORTIZATION EXPENSES	10.30	9.61	9.13	7.77	7.07
INCOME TAXES - OPERATING	16.86	18.64	16.39	15.20	11.52
OTHER TAXES - OPERATING	65.60	58.24	60.98	58.72	53.91
INTEREST CHARGES*	17.76	18.58	20.05	18.01	17.26
PREFERRED DIVIDENDS*	1.96	1.95	1.98	1.98	1.86
EARNINGS AVAILABLE FOR COMMON EQUITY	26.50	27.77	24.21	23.70	20.52
TOTAL	259.48	243.14	234.16	217.37	194.41

*NET OF AFC

SECTION I.

ELECTRIC SERVICE COMPANIES

Balance Sheet
Asset Side
Liability Side
Statement of Change in Financial Position
Income Statement
Statement of Revenue Plant and Operation and Maintenance
Distribution of Revenues

1A

CENTRAL HUDSON GAS & ELECTRIC CORPORATION
COMPARATIVE BALANCE SHEET AND STATEMENT OF ELECTRIC PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	ELECTRIC UTILITY PLANT	$ 966,123,066	$ 1,074,583,770	$ 944,031,368	$ 826,121,066	$ 723,788,736
2	ACCUM PROV FOR DEPR AND AMORT	219,009,932	212,601,068	202,685,118	190,723,311	178,216,917
3	NET ELECTRIC UTILITY PLANT	747,113,134	861,982,702	741,346,250	635,397,755	545,571,819
4	OTHER UTILITY PLANT	127,387,947	117,911,931	109,736,366	102,669,887	97,001,773
5	ACCUM PROV FOR DEPR AND AMORT	44,385,867	40,566,439	38,193,088	34,560,531	31,808,244
6	NET OTHER UTILITY PLANT	83,002,080	77,345,492	71,543,278	68,109,356	65,193,529
7	TOTAL UTILITY PLANT	1,093,511,013	1,192,495,701	1,053,767,734	928,790,953	820,790,509
8	ACCUM PROV FOR DEPR AND AMORT	263,395,799	253,167,507	240,878,206	225,283,842	210,025,161
9	NET TOTAL UTILITY PLANT	830,115,214	939,328,194	812,889,528	703,507,111	610,765,348
10	NONUTILITY PROPERTY LESS ACCUM PROV FOR DEPR AND AMORT	967,232	968,859	1,409,005	565,496	565,496
11	INVESTMENT IN ASSOCIATED COMPANIES	-	-	-	-	-
12	INVESTMENT IN SUBSIDIARY COMPANIES	2,787,124	2,990,239	2,153,523	2,608,723	1,606,101
13	OTHER INVESTMENTS	2,337,807	2,330,657	39,159	27,406	11,345
14	SPECIAL FUNDS	-	-	-	-	-
15	TOTAL OTHER PROPERTY AND INVESTMENTS	6,092,163	6,289,755	3,601,687	3,201,625	2,182,942
16	CASH	1,547,977	1,512,924	1,462,371	1,047,021	1,125,575
17	SPECIAL DEPOSITS	4,487,969	19,637,337	53,391,410	7,627,592	2,818,988
18	WORKING FUNDS	237,623	176,705	190,784	217,384	450,705
19	TEMPORARY CASH INVESTMENTS	420,000	6,412,500	14,350,000	10,517,642	-
20	NOTES & ACCOUNTS RECEIVABLE LESS ACCUM PROV FOR UNCOLLECTIBLE ACCOUNTS	44,571,751	61,270,244	44,835,751	45,130,323	45,317,235
21	RECEIVABLES FROM ASSOCIATED COMPANIES	1,537	-	-	29,564	-
22	MATERIALS AND SUPPLIES	20,558,969	21,128,628	23,853,891	33,129,621	29,526,117
23	PREPAYMENTS	7,690,373	8,119,228	6,523,634	5,402,585	5,106,431
24	OTHER CURRENT AND ACCRUED ASSETS	2,466,371	10,869,097	11,883,033	10,182,921	9,935,138
25	TOTAL CURRENT AND ACCRUED ASSETS	81,982,570	129,126,663	156,490,874	113,284,653	94,280,189
26	UNAMORTIZED DEBT EXPENSE	9,696,638	9,973,483	5,674,162	4,289,477	3,226,624
27	EXTRAORDINARY PROPERTY LOSSES	761,600	9,631,234	15,451,877	18,655,001	20,815,721
28	PREL SURVEY & INVESTIGATION CHARGES	265,252	90,773	79,601	74,199	2,249,189
29	CLEARING ACCOUNTS	230,589	307,238	320,958	306,438	506,949
30	DEFERRED LOSSES FROM DISP OF UTILITY PLANT	294,293-	-	-	-	-
31	RESEARCH AND DEVELOPMENT	-	68,866-	627,381-	595,546-	139,795-
32	ACCUMULATED DEFERRED INCOME TAXES	38,870,000	6,444,500	1,813,800	1,033,800	175,100
33	OTHER DEFERRED DEBITS	95,521,011	63,019,718	44,642,413	35,517,144	30,318,176
34	TOTAL DEFERRED DEBITS	145,050,797	89,398,080	67,355,450	59,280,513	57,151,964
35	TOTAL ASSETS AND OTHER DEBITS	$ 1,063,240,744	$ 1,184,142,692	$ 1,040,337,539	$ 879,273,902	$ 764,380,443
	ELECTRIC PLANT IN SERVICE*					
36	INTANGIBLE PLANT	$ 45,519	$ 45,519	$ 45,519	$ 45,519	$ 45,519
	PRODUCTION PLANT					
37	STEAM	322,791,106	210,346,601	209,224,070	207,325,202	203,176,404
38	NUCLEAR	-	-	-	-	-
39	HYDRAULIC	16,407,586	15,765,223	10,625,021	10,233,998	10,236,694
40	OTHER	3,442,928	3,442,928	3,442,928	3,439,639	3,430,428
41	TRANSMISSION PLANT	75,437,400	67,887,909	67,549,254	63,738,889	63,450,472
42	DISTRIBUTION PLANT	217,425,932	207,184,831	196,740,080	187,333,159	179,510,323
43	GENERAL PLANT	981,668	548,946	527,879	564,188	549,859
44	ELECTRIC PLANT PURCHASED OR SOLD	-	-	-	-	-
45	EXPERIMENTAL ELECTRIC PLT UNCLASSIFIED	-	-	-	-	-
46	NUCLEAR FUEL ASSEMBLIES	15,512,326	13,919,310	12,649,267	9,118,455	6,541,339
47	TOTAL ELECTRIC PLANT IN SERVICE	652,044,464	519,141,267	500,804,018	481,789,019	466,941,038
48	PLANT LEASED TO OTHERS	-	-	-	-	-
49	PLANT HELD FOR FUTURE USE	125,978	3,724,280	5,400,449	5,398,573	5,398,573
50	CONSTRUCTION WORK IN PROGRESS	313,952,624	551,718,223	437,826,899	338,933,474	251,449,125
51	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
52	TOTAL ELECTRIC UTILITY PLANT	966,123,066	1,074,583,770	944,031,368	826,121,066	723,788,736
53	ACCUM PROV FOR DEPR AND AMORT	219,009,932	212,601,068	202,685,118	190,723,311	178,216,917
54	NET ELECTRIC UTILITY PLANT	747,113,134	861,982,702	741,346,250	635,397,755	545,571,819
	PLANT IN SERVICE					
55	BEGINNING OF YEAR	519,141,267	500,804,020	481,789,019	466,941,038	465,046,183
56	ADDITIONS	138,462,223	21,164,515	22,219,853	16,508,276	3,830,314
57	RETIREMENTS	8,812,469	2,866,762	3,067,456	1,660,295	1,942,655
58	TRANSFERS AND ADJUSTMENTS	3,253,443	39,494	137,396-	-	7,196
59	END OF YEAR	$ 652,044,464	$ 519,141,267	$ 500,804,020	$ 481,789,019	$ 466,941,038

*EXCLUDES ALLOCATION OF COMMON PLANT

CENTRAL HUDSON GAS & ELECTRIC CORPORATION
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
LIABILITIES AND OTHER CREDITS						
COMMON STOCK ISSUED	$ 236,079,253	$ 279,684,880	$ 214,464,067	$ 184,815,765	$ 156,927,223	1
PREFERRED STOCK ISSUED	81,030,000	81,030,000	81,030,000	81,030,000	81,030,000	2
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	3
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	4
PREMIUM ON CAPITAL STOCK	66,780	66,780	66,780	66,780	66,780	5
OTHER PAID-IN CAPITAL	50,000,000	-	-	-	-	6
INSTALLMENTS REC'D ON CAPITAL STOCK	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	5,435,621-	4,624,918-	4,302,983-	4,039,712-	3,839,759-	8
RETAINED EARNINGS	11,414,832	164,414,239	145,374,845	125,751,423	109,935,474	9
UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS	115,255	318,370	481,654	551,857	559,234	10
REACQUIRED CAPITAL STOCK	-	-	-	-	-	11
TOTAL PROPRIETARY CAPITAL	373,270,499	520,889,351	437,114,363	388,186,113	344,678,952	12
BONDS (LESS BONDS REACQUIRED)	292,500,000	327,400,000	332,400,000	312,400,000	278,400,000	13
ADVANCES FROM ASSOCIATED COMPANIES	-	-	-	-	-	14
OTHER LONG-TERM DEBT	155,925,000	112,500,000	112,675,000	40,600,000	7,375,000	15
NET UNAMORTIZED PREMIUM - DISCOUNT	292,199-	399,488-	537,038-	607,982-	678,926-	16
TOTAL LONG-TERM DEBT	448,132,801	439,500,512	444,537,962	352,392,018	285,096,074	17
NOTES PAYABLE	4,000,000	-	-	-	23,000,000	18
ACCOUNTS PAYABLE	22,437,348	27,233,558	22,258,926	26,849,501	23,079,904	19
PAYABLES TO ASSOCIATED COMPANIES	-	-	-	-	-	20
CUSTOMER DEPOSITS	2,890,296	2,808,722	2,688,436	2,478,924	2,677,244	21
TAXES ACCRUED	11,817,829	4,965,968	5,018,646	5,194,519	3,696,425	22
INTEREST ACCRUED	7,525,559	8,055,063	8,884,918	7,321,709	6,533,494	23
DIVIDENDS DECLARED	7,570,402	11,793,920	10,456,918	9,430,658	8,123,914	24
TAX COLLECTIONS PAYABLE	583,119	587,318	652,195	692,550	665,697	25
OTHER CURRENT AND ACCRUED LIABILITIES	25,131,638	12,720,852	7,205,101	11,551,218	8,920,170	26
TOTAL CURRENT AND ACCRUED LIABILITIES	81,956,191	68,165,391	57,165,140	63,519,079	76,696,848	27
CUSTOMER ADVANCES FOR CONSTRUCTION	1,008,631	699,689	694,970	681,529	787,686	28
DEFERRED GAINS FROM DISP. OF UTILITY PLANT	-	-	-	-	-	29
ACCUM. DEFERRED INVESTMENT TAX CREDITS	31,119,700	34,129,000	35,438,000	27,647,000	20,093,000	30
OTHER DEFERRED CREDITS	73,294,529	56,474,566	27,826,565	12,773,999	6,663,471	31
ACCUMULATED DEFERRED INCOME TAXES						
ACCELERATED AMORTIZATION	-	-	-	-	-	32
LIBERALIZED DEPRECIATION	34,554,500	23,527,300	19,774,600	16,597,700	13,866,200	33
OTHER	17,962,350	18,794,300	16,097,900	15,573,100	15,144,000	34
TOTAL DEFERRED CREDITS	157,939,710	133,624,955	99,832,035	73,273,328	56,354,337	35
PROPERTY INSURANCE RESERVE	-	-	-	166,925	104,200	36
INJURIES AND DAMAGE RESERVE	1,941,543	1,962,483	1,688,039	1,736,439	1,450,032	37
PENSION AND BENEFITS RESERVE	-	-	-	-	-	38
MISCELLANEOUS OPERATING RESERVES	-	-	-	-	-	39
TOTAL OPERATING RESERVES	1,941,543	1,962,483	1,688,039	1,903,364	1,554,232	40
TOTAL LIABILITIES AND OTHER CREDITS	$ 1,063,240,744	$ 1,164,142,692	$ 1,040,337,539	$ 879,273,902	$ 764,380,443	41
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS / BY CURRENT LIABILITIES	1.00	1.89	2.74	1.78	1.23	42
PERCENT OF CAPITALIZATION:						
LONG-TERM DEBT	54.5	45.7	50.4	47.5	45.2	43
PREFERRED STOCK	9.8	8.4	9.1	10.9	12.8	44
COMMON STOCK AND OTHER PAID-IN CAPITAL	34.1	28.6	23.8	24.4	24.4	45
RETAINED EARNINGS	1.3	17.1	16.4	16.9	17.4	46
LONG-TERM DEBT: % OF GROSS UTILITY PLANT	40.9	36.8	42.1	37.9	34.7	47
ACCUM.PROVISION FOR DEPR.: % OF UTILITY PLT	24.0	21.2	22.8	24.2	25.5	48

CENTRAL HUDSON GAS & ELECTRIC CORPORATION
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
		SOURCES OF FUNDS				
	INTERNAL:					
1	NET INCOME	$ 8,469,420-	$ 64,884,433	$ 59,672,323	$ 51,136,869	$ 40,235,834
2	DEPRECIATION AND AMORTIZATION	28,163,145	24,893,611	24,249,558	22,531,271	20,524,230
3	DEFERRED INCOME TAXES (NET)	21,844,300	509,400	10,712,700	10,055,900	9,934,584
4	INTEREST CAPITALIZED	4,976,025-	31,724,945-	26,432,772-	21,921,590-	16,428,513-
5	OTHER (NET)	158,932,109	11,140,493	3,819,486	5,354,460	2,998,590
6	SUBTOTAL	195,494,109	69,702,992	72,021,295	67,156,910	57,264,725
7	EXTRAORDINARY ITEMS	101,475,000-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	94,019,109	69,702,992	72,021,295	67,156,910	57,264,725
9	LESS DIVIDENDS PREFERRED	5,592,366	5,614,366	6,184,367	6,458,368	5,783,289
10	COMMON	37,665,736	40,393,957	33,944,737	28,859,929	23,479,636
11	NET FUNDS - INTERNAL SOURCES	50,761,007	23,694,669	31,892,191	31,838,613	28,001,800
	EXTERNAL					
12	LONG TERM DEBT	43,600,000	50,000,000	92,250,000	78,400,000	-
13	PREFERRED STOCK	-	-	-	-	20,000,000
14	COMMON STOCK	6,394,373	65,220,813	29,648,302	27,888,542	25,927,299
15	NET INCREASE IN SHORT TERM DEBT	4,000,000	-	-	-	-
16	OTHER (NET)	14,487,519	35,668,304	46,005,491-	4,975,387-	3,448,962
17	TOTAL FUNDS - EXTERNAL SOURCES	68,481,892	150,889,117	75,892,811	101,313,155	49,376,261
	OTHER SOURCES					
18	NET DECREASE IN WORKING CAPITAL	42,447,374	28,796,158	-	-	-
19	OTHER	-	-	-	-	-
20	TOTAL FUNDS PROVIDED	$ 161,690,273	$ 203,379,944	$ 107,785,002	$ 133,151,768	$ 77,378,061
		USES OF FUNDS				
	CONSTRUCTION EXPENDITURES					
21	ELECTRIC PLANT	$ 61,977,051	$ 94,382,843	$ 33,115,417	$ 22,458,235	$ 16,114,243
22	NUCLEAR PLANT	30,715,381	70,240,931	88,364,391	83,587,519	63,905,550
23	NUCLEAR FUEL	1,593,016	1,270,041	3,530,814	2,577,116	2,109,457
24	GAS PLANT	6,406,126	5,288,121	4,908,251	3,645,673	2,243,255
25	LIQUEFIED NATURAL GAS PLANT	-	-	-	-	-
26	STEAM PLANT	-	-	-	-	-
27	NON-UTILITY PLANT	-	-	-	-	-
28	OTHER	-	-	-	-	-
29	TOTAL CONSTRUCTION	100,691,574	171,181,936	129,918,873	112,268,543	84,372,505
30	LESS INTEREST CAPITALIZED	4,976,025	31,724,945	26,432,772	21,921,590	16,428,513
31	TOTAL EXCLUDING INTEREST CAPITALIZED	95,715,549	139,456,991	103,486,101	90,346,953	67,943,992
	RETIREMENT OF SECURITIES					
32	LONG TERM DEBT	35,075,000	55,175,000	175,000	11,175,000	175,000
33	PREFERRED STOCK	-	-	-	-	-
34	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
35	NET DECREASE IN SHORT TERM DEBT	-	-	-	23,000,000	3,500,000
36	OTHER (NET)	-	-	-	-	-
37	TOTAL RETIREMENT OF SECURITIES	35,075,000	55,175,000	175,000	34,175,000	3,675,000
	OTHER USES					
38	NET INCREASE IN WORKING CAPITAL	-	-	3,554,669	4,206,846	169,187
39	OTHER	30,899,724	8,747,953	569,232	4,422,963	5,589,882
40	TOTAL FUNDS APPLIED	$ 161,690,273	$ 203,379,944	$ 107,785,002	$ 133,151,768	$ 77,378,061

CENTRAL HUDSON GAS & ELECTRIC CORPORATION
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNING STATEMENTS						
ELECTRIC OPERATING INCOME						
OPERATING REVENUES	$ 374,950,612	$ 377,102,886	$ 436,652,041	$ 454,860,477	$ 411,769,559	1
OPERATION AND MAINTENANCE EXPENSE	206,180,751	216,407,796	282,368,978	317,825,417	290,372,455	2
DEPRECIATION EXPENSE	17,417,231	16,749,685	16,106,142	15,490,660	15,167,285	3
AMORTIZATION	8,600,176	6,125,208	5,148,866	3,983,183	3,508,346	4
TAXES OTHER THAN INCOME TAXES	38,364,987	36,557,696	35,668,834	33,753,866	30,412,769	5
INCOME TAXES	13,975,000	28,318,000	25,450,000	28,427,000	20,875,000	6
PROVISION FOR DEFERRED INCOME TAXES	20,326,200	15,829,000	13,696,100	6,654,100	7,839,200	7
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	7,157,700-	7,881,700-	4,737,400-	5,064,400-	4,501,416-	8
MISC. ADJUSTMENTS OF INCOME TAXES	1,718,400	-	-	-	-	9
GAINS FROM DISPOSITION OF UTILITY PLT	-	-	-	-	-	10
LOSSES FROM DISPOSITION OF UTILITY PLT	-	-	-	-	-	11
TOTAL OPERATING EXPENSES	299,425,045	312,105,685	373,701,520	401,069,826	363,673,639	12
NET OPERATING REVENUES	75,525,567	64,997,201	62,950,521	53,790,651	48,095,920	13
INC - LEASED PLT. & OTHER	-	-	-	-	-	14
ELECTRIC OPERATING INCOME	75,525,567	64,997,201	62,950,521	53,790,651	48,095,920	15
OTHER UTILITY OPERATING INCOME	4,985,314	6,726,048	6,408,012	6,522,662	4,531,261	16
TOTAL UTILITY OPERATING INCOME	80,510,881	71,723,249	69,358,533	60,313,313	52,627,181	17
OTHER INCOME						
MERCH., JOBBING, & CONTRACT WORK	12,018-	8,412	3,464-	67,201	9,871	18
INCOME FROM NONUTILITY OPERATIONS	-	-	-	-	-	19
NONOPERATING RENTAL INCOME	6,773	29,502	188-	-	-	20
EQUITY IN EARNINGS OF SUBSIDIARY CO'S	203,115-	163,284-	80,203-	2,623	73,239	21
INTEREST AND DIVIDEND INCOME	741,086	1,511,317	739,952	643,807	180,670	22
ALLOWANCE FOR CONSTRUCTION FUNDS	4,976,025	31,724,945	26,432,772	21,921,590	16,428,513	23
MISCELLANEOUS NONOPERATING INCOME	2,349,447	319,112-	762,778-	410,310	161,361-	24
GAIN ON DISPOSITION OF PROPERTY	11,636	3,688	720	-	41,157	25
TOTAL OTHER INCOME	7,869,834	32,795,468	26,326,811	23,045,531	16,572,089	26
TOTAL INCOME	88,380,715	104,518,717	95,685,344	83,358,844	69,199,270	27
INCOME DEDUCTIONS						
TAXES OTHER THAN INC. TAXES-NONOPERATING	40,566	36,674	17,235	16,238	11,203	28
INCOME TAXES-NONOPERATING	12,884,500-	6,690,300-	6,570,300-	4,964,500-	4,605,000-	29
LOSS ON DISPOSITION OF PROPERTY	64,897,765	-	28,777	4,630	52,359	30
MISCELLANEOUS AMORTIZATION	-	-	-	-	-	31
MISCELLANEOUS INCOME DEDUCTIONS	631,651	662,736	452,117	482,136	468,521	32
TOTAL INCOME DEDUCTIONS	52,685,482	5,990,890-	6,072,171-	4,461,496-	4,072,917-	33
INCOME BEFORE INTEREST CHARGES	35,695,233	110,509,607	101,757,515	87,820,340	73,272,187	34
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	40,630,881	43,330,897	40,420,583	34,334,725	30,039,337	35
AMORT. OF DEBT DISCOUNT & EXPENSE	1,080,170	681,509	432,521	374,251	335,040	36
AMORT. OF PREMIUM ON DEBT-CREDIT	24,192-	24,198-	24,192-	24,192-	24,192-	37
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	38
OTHER INTEREST EXPENSE	2,477,794	1,636,966	1,256,280	1,998,687	2,686,168	39
TOTAL INTEREST CHARGES	44,164,653	45,625,174	42,085,192	36,683,471	33,036,353	40
INCOME BEFORE EXTRAORDINARY ITEMS	8,469,420-	64,884,433	59,672,323	51,136,869	40,235,834	41
EXTRAORDINARY ITEMS - NET	101,475,000-	-	-	-	-	42
NET INCOME	$ 109,944,420-	$ 64,884,433	$ 59,672,323	$ 51,136,869	$ 40,235,834	43
RETAINED EARNINGS						
BALANCE BEGINNING OF YEAR	$ 164,414,239	$ 145,374,845	$ 125,751,423	$ 109,935,474	$ 99,035,804	44
TRANSFERRED FROM INCOME	109,741,305-	65,047,717	59,752,526	51,134,246	40,162,595	45
APPROPRIATIONS	-	-	-	-	-	46
DIVIDENDS DECLARED-PREFERRED STOCK	5,592,366	5,614,366	6,184,367	6,458,368	5,783,289	47
-COMMON STOCK	37,665,736	40,393,957	33,944,737	28,859,929	23,479,636	48
ADJUSTMENTS	-	-	-	-	-	49
BALANCE END OF YEAR	11,414,832	164,414,239	145,374,845	125,751,423	109,935,474	50
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	51
UNDISTRIBUTED SUBSIDIARY EARNINGS	115,255	318,370	481,654	561,857	559,234	52
TOTAL END OF YEAR	$ 11,530,087	$ 164,732,609	$ 145,856,499	$ 126,313,280	$ 110,494,708	53
SELECTED INCOME ACCOUNT RELATIONSHIPS						
ELECTRIC OPERATING REVENUES % OF TOTAL OPERATING REVENUES	87.3	85.9	86.4	86.9	86.9	54
NET INCOME-PERCENT OF OPERATING REVENUES	13.8*	14.7	11.8	9.7	8.4	55
PRETAX COVERAGE OF INTEREST CHARGES	1.2	3.1	3.2	3.2	2.8	56
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	70.1*	68.1	63.4	64.5	68.1	57
RETURN ON COMMON EQUITY	14.7*	14.8	16.1	15.5	14.0	58

*Ratios shown here are based on what the income would have been before the Nine-Mile 2 Plant write-off. See the Table "NINE-MILE 2 AND OTHER WRITE-OFFS" in the Electric Narrative Section for the impact on Net Income.

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CENTRAL HUDSON GAS & ELECTRIC CORPORATION
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
YEARS ENDING DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ELECTRIC OPERATING REVENUES					
	REVENUES:					
1	RESIDENTIAL	$ 143,226,635	$ 139,415,668	$ 144,494,036	$ 141,033,626	$ 126,332,199
2	COMMERCIAL AND INDUSTRIAL	188,495,565	184,621,003	205,845,678	191,914,636	169,498,157
3	PUBLIC STREET AND HIGHWAY LIGHTING	3,044,402	3,013,222	3,169,826	3,132,955	2,935,577
4	OTHER PUBLIC AUTHORITIES	21,996,523	22,182,024	26,628,809	23,462,082	21,522,166
5	RAILROADS AND RAILWAYS	-	-	-	-	-
6	INTERDEPARTMENTAL	40,405	47,372	45,564	56,812	44,883
7	TOTAL REVENUES - ULTIMATE CONSUMERS	356,803,530	349,279,289	380,184,913	359,600,111	320,332,982
8	RESALE	15,887,643	26,414,776	50,378,618	93,479,026	87,772,843
9	TOTAL REVENUES FROM ELECTRIC SALES	372,691,173	375,694,065	430,563,531	453,079,137	408,105,825
10	OTHER ELECTRIC OPERATING REVENUES	2,259,439	1,408,821	6,088,510	1,781,340	3,663,734
11	TOTAL ELECTRIC OPERATING REVENUES	$ 374,950,612	$ 377,102,886	$ 436,652,041	$ 454,860,477	$ 411,769,559
	KILOWATT-HOUR SALES (THOUSANDS)					
12	RESIDENTIAL	1,394,132	1,311,220	1,236,400	1,237,993	1,181,217
13	COMMERCIAL AND INDUSTRIAL	2,669,285	2,561,710	2,357,312	2,176,743	2,047,081
14	PUBLIC STREET AND HIGHWAY LIGHTING	23,920	24,258	24,626	25,164	26,101
15	OTHER PUBLIC AUTHORITIES	265,970	259,962	277,794	238,918	231,370
16	RAILROADS AND RAILWAYS	-	-	-	-	-
17	INTERDEPARTMENTAL	1,596	1,544	1,104	1,314	1,095
18	TOTAL SALES TO ULTIMATE CONSUMERS	4,354,903	4,158,693	3,897,236	3,680,131	3,486,864
19	SALES: NY POWER ATH CUSTOMERS	-	-	-	-	-
20	MUNICIPAL DIST AGENCY SALES	-	-	-	-	-
21	TOTAL SALES - FRANCHISE AREA	4,354,902	4,158,693	3,897,236	3,680,130	3,486,864
22	RESALE	531,430	795,033	1,103,376	1,779,784	1,794,695
23	TOTAL KILOWATT-HOUR SALES	4,886,333	4,953,726	5,000,612	5,459,915	5,281,558
	CUSTOMERS-AVERAGE PER MONTH					
24	RESIDENTIAL	206,900	201,977	197,687	193,764	190,325
25	COMMERCIAL AND INDUSTRIAL	28,058	27,161	25,236	25,609	25,133
26	PUBLIC STREET AND HIGHWAY LIGHTING	193	192	191	189	188
27	OTHER PUBLIC AUTHORITIES	2,692	2,607	2,453	2,339	2,622
28	RAILROADS AND RAILWAYS	-	-	-	-	-
29	INTERDEPARTMENTAL	1	1	1	1	1
30	TOTAL ULTIMATE CONSUMERS	237,844	231,938	226,568	221,902	218,269
31	RESALE	4	4	5	7	8
32	TOTAL CUSTOMERS	237,848	231,942	226,573	221,909	218,277
	OPERATING REVENUE RELATIONSHIPS					
	RESIDENTIAL SALES:					
33	AVERAGE ANNUAL BILL PER CUSTOMER	$ 692.25	$ 690.26	$ 730.92	$ 727.86	$ 663.77
34	AVERAGE KWH CONSUMPTION PER CUSTOMER	6,738	6,492	6,254	6,389	6,206
35	AVERAGE REVENUE PER KWH SOLD (CENTS)	10.27	10.63	11.69	11.39	10.70
	COMMERCIAL AND INDUSTRIAL SALES:					
36	AVERAGE ANNUAL BILL PER CUSTOMER	$ 6,718.07	$ 6,797.28	$ 7,845.92	$ 7,494.03	$ 6,744.05
37	AVERAGE KWH CONSUMPTION PER CUSTOMER	95,135	94,316	89,850	84,999	81,450
38	AVERAGE REVENUE PER KWH SOLD (CENTS)	7.06	7.21	8.73	8.82	8.28
	ELECTRIC OPERATION AND MAINTENANCE EXPENSES					
	POWER PRODUCTION EXPENSES:					
	STEAM POWER					
39	FUEL	$ 102,021,321	$ 109,139,198	$ 167,593,770	$ 203,687,548	$ 191,343,983
40	OTHER	14,250,904	15,371,039	12,334,000	12,145,284	12,462,934
41	TOTAL STEAM POWER EXPENSES	116,272,225	124,510,237	179,927,770	215,832,832	203,806,917
	NUCLEAR POWER					
42	FUEL	-	-	-	-	-
43	OTHER	-	-	-	-	-
44	TOTAL NUCLEAR POWER EXPENSES	-	-	-	-	-
	HYDRAULIC POWER					
45	WATER FOR POWER	972,748	997,095	422,748	956,756	1,323,296
46	OTHER	951,885	1,027,199	820,971	1,306,929	770,828
47	TOTAL HYDRAULIC POWER EXPENSES	1,924,633	2,024,294	1,243,719	2,263,685	2,094,124
	OTHER POWER GENERATION					
48	FUEL	234,877	121,635	171,119	93,170	129,595
49	OTHER	114,679	212,036	179,436	256,614	149,426
50	TOTAL OTHER POWER GENERATION EXPENSE	349,556	333,671	350,555	349,784	279,021
	OTHER POWER SUPPLY EXPENSES					
51	PURCHASED POWER	29,628,925	33,800,510	50,538,138	52,545,117	40,427,763
52	OTHER	2,708,888	1,663,239	1,501,903	1,663,171	1,574,842
53	TOTAL OTHER POWER SUPPLY EXPENSES	32,337,813	35,463,749	52,040,041	54,208,288	42,002,605
54	TOTAL POWER PRODUCTION EXPENSES	150,884,227	162,331,951	233,562,085	272,654,589	248,182,667
55	TRANSMISSION EXPENSES	3,904,882	4,972,155	3,923,975	3,685,819	3,737,088
56	DISTRIBUTION EXPENSES	14,965,994	12,668,268	12,257,243	11,013,729	10,215,886
57	CUSTOMER ACCOUNTS EXPENSES	7,877,371	7,283,858	7,182,664	6,873,939	6,612,268
58	SALES EXPENSES	3,064,813	1,929,561	1,348,634	1,111,273	675,021
59	ADMINISTRATIVE AND GENERAL	25,493,664	27,232,003	24,094,377	22,486,068	20,949,525
60	TOTAL O & M EXPENSES	$ 206,180,751	$ 216,407,796	$ 282,368,978	$ 317,825,417	$ 290,372,455

CENTRAL HUDSON GAS & ELECTRIC CORPORATION
DISTRIBUTION OF ELECTRIC REVENUES FROM ULTIMATE CONSUMERS
YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
REVENUES - ULTIMATE CONSUMERS***	$ 359,062,969	$ 350,688,110	$ 386,273,423	$ 361,381,451	$ 323,996,716	1
SALES-ULTIMATE CONSUMERS (000 KWH)***	4,354,902	4,158,693	3,897,236	3,680,130	3,486,864	2
	DOLLAR AMOUNTS					
FUEL AND PURCHASED POWER	$ 118,673,617	$ 121,768,431	$ 169,727,054	$ 172,084,314	$ 153,848,877	3
WAGES AND BENEFITS	39,337,565	37,393,631	35,043,059	33,490,238	32,735,322	4
OTHER OPERATION AND MAINTENANCE EXPENSES	33,453,885	34,160,694	27,496,768	25,272,804	22,617,801	5
DEPRECIATION AND AMORTIZATION EXPENSES	26,017,407	22,874,893	21,255,006	19,473,843	18,675,631	6
INCOME TAXES - OPERATING	28,861,900	36,265,300	34,408,700	30,016,700	24,212,784	7
OTHER TAXES - OPERATING	38,364,987	36,557,696	35,668,834	33,753,866	30,412,769	8
*INTEREST CHARGES **	40,494,848	22,822,331	22,537,497	20,747,327	19,017,649	9
*PREFERRED DIVIDENDS **	5,072,943	3,468,370	3,933,000	4,090,168	3,783,704	10
EARNINGS AVAILABLE FOR COMMON EQUITY	28,785,818	35,376,764	36,203,503	22,452,191	18,692,179	11
TOTAL	$ 359,062,969	$ 350,688,110	$ 386,273,423	$ 361,381,451	$ 323,996,716	12
	PERCENT OF REVENUES - ULTIMATE CONSUMERS					
FUEL AND PURCHASED POWER	33.1	34.7	43.9	47.6	47.5	13
WAGES AND BENEFITS	11.0	10.7	9.1	9.3	10.1	14
OTHER OPERATION AND MAINTENANCE EXPENSES	9.3	9.7	7.1	7.0	7.0	15
DEPRECIATION AND AMORTIZATION EXPENSES	7.2	6.5	5.5	5.4	5.8	16
INCOME TAXES - OPERATING	8.0	10.3	8.9	8.3	7.5	17
OTHER TAXES - OPERATING	10.7	10.4	9.2	9.3	9.4	18
*INTEREST CHARGES **	11.3	6.5	5.8	5.7	5.9	19
*PREFERRED DIVIDENDS **	1.4	1.0	1.0	1.1	1.2	20
EARNINGS AVAILABLE FOR COMMON EQUITY	8.0	10.1	9.4	6.2	5.8	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
	CENTS PER KWH					
FUEL AND PURCHASED POWER	2.73	2.93	4.34	4.68	4.41	23
WAGES AND BENEFITS	0.90	0.90	0.90	0.91	0.94	24
OTHER OPERATION AND MAINTENANCE EXPENSES	0.77	0.82	0.71	0.69	0.65	25
DEPRECIATION AND AMORTIZATION EXPENSES	0.60	0.55	0.55	0.53	0.54	26
INCOME TAXES - OPERATING	0.66	0.87	0.88	0.82	0.69	27
OTHER TAXES - OPERATING	0.88	0.88	0.92	0.92	0.87	28
*INTEREST CHARGES **	0.93	0.55	0.58	0.56	0.55	29
*PREFERRED DIVIDENDS **	0.12	0.08	0.10	0.11	0.11	30
EARNINGS AVAILABLE FOR COMMON EQUITY	0.66	0.85	0.93	0.61	0.54	31
TOTAL	8.25	8.43	9.91	9.82	9.29	32
* STARRED ITEMS ARE ALLOCATED TO ELECTRIC OPERATIONS BASED ON THE RATIO OF NET ELECTRIC PLANT TO NET TOTAL PLANT LESS NET COMMON PLANT AT DECEMBER 31- STATED AS PERCENTS	93.74	94.96	94.55	93.94	93.05	

** NET OF AFC.

***EXCLUDES SALES FOR RESALE

CONSOLIDATED EDISON CO. OF NEW YORK, INC.
COMPARATIVE BALANCE SHEET AND STATEMENT OF ELECTRIC PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO.	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	ELECTRIC UTILITY PLANT	$ 8,844,550,394	$ 8,585,968,122	$ 8,163,699,858	$ 7,925,881,582	$ 7,644,564,709
2	ACCUM. PROV. FOR DEPR. AND AMORT.	2,521,596,519	2,403,741,901	2,262,353,216	2,170,007,475	2,040,513,853
3	NET ELECTRIC UTILITY PLANT	6,322,953,875	6,182,226,221	5,901,346,642	5,755,874,107	5,604,050,856
4	OTHER UTILITY PLANT	1,810,844,672	1,649,762,350	1,524,570,439	1,441,930,980	1,350,647,146
5	ACCUM. PROV. FOR DEPR. AND AMORT.	398,345,112	355,448,209	330,142,748	300,329,378	278,000,283
6	NET OTHER UTILITY PLANT	1,412,499,560	1,294,314,141	1,194,427,691	1,141,601,602	1,072,646,863
7	TOTAL UTILITY PLANT	10,655,395,066	10,235,730,472	9,688,270,297	9,367,812,562	8,995,211,855
8	ACCUM. PROV. FOR DEPR. AND AMORT.	2,919,941,631	2,759,190,110	2,592,495,964	2,470,336,853	2,318,514,136
9	NET TOTAL UTILITY PLANT	7,735,453,435	7,476,540,362	7,095,774,333	6,897,475,709	6,676,697,719
10	NONUTILITY PROPERTY LESS ACCUM. PROV. FOR DEPR. AND AMORT.	2,290,523	2,333,133	2,668,546	3,303,442	3,480,748
11	INVESTMENT IN ASSOCIATED COMPANIES	-	-	-	-	-
12	INVESTMENT IN SUBSIDIARY COMPANIES	318,878,369	260,641,141	6,380,957	5,947,074	5,399,750
13	OTHER INVESTMENTS	5,322,283	6,483,024	1,192,708	106,386	106,485
14	SPECIAL FUNDS	1,038,242	711,075	75,728	91,502	92,297
15	TOTAL OTHER PROPERTY AND INVESTMENTS	327,529,417	270,168,373	10,317,939	9,448,404	9,079,280
16	CASH	11,173,296	16,421,598	14,598,691	17,014,965	8,130,718
17	SPECIAL DEPOSITS	2,264,839	8,944,192	4,497,936	11,357,007	1,619,094
18	WORKING FUNDS	2,420,601	1,607,631	1,049,352	1,334,870	1,175,492
19	TEMPORARY CASH INVESTMENTS	412,827,715	688,130,004	836,760,669	748,555,642	589,685,961
20	NOTES & ACCOUNTS RECEIVABLE LESS ACCUM. PROV. FOR UNCOLLECTIBLE ACCOUNTS	357,955,393	343,582,619	403,169,594	402,444,478	425,476,680
21	RECEIVABLES FROM ASSOCIATED COMPANIES	-	-	-	-	-
22	MATERIALS AND SUPPLIES	294,523,945	252,404,136	294,866,183	320,672,805	293,681,950
23	PREPAYMENTS	41,785,726	39,146,662	37,412,031	47,387,933	29,498,654
24	OTHER CURRENT AND ACCRUED ASSETS	32,696,813	27,215,024	32,677,569	49,478,598	49,897,090
25	TOTAL CURRENT AND ACCRUED ASSETS	1,155,648,328	1,377,451,866	1,625,032,025	1,598,246,298	1,399,165,639
26	UNAMORTIZED DEBT EXPENSE	22,997,983	22,088,351	20,417,887	15,811,046	16,973,988
27	EXTRAORDINARY PROPERTY LOSSES	47,656,359	54,198,565	60,740,772	31,910,678	37,016,386
28	PREL. SURVEY & INVESTIGATION CHARGES	2,730,530	666,974	178,302	3,131,048	-
29	CLEARING ACCOUNTS	1,077,694	2,064,954	2,744,174	3,524,777	3,894,793
30	DEFERRED LOSSES FROM DISP. OF UTILITY PLANT	-	-	-	-	-
31	RESEARCH AND DEVELOPMENT	6,916,596-	4,947,359-	6,425,459-	5,570,402-	7,686,497-
32	ACCUMULATED DEFERRED INCOME TAXES	98,193,000	59,662,000	55,947,000	42,473,000	39,222,000
33	OTHER DEFERRED DEBITS	90,932,388	63,989,226	129,722,771	128,544,014	104,059,792
34	TOTAL DEFERRED DEBITS	256,671,358	197,722,711	263,325,447	219,824,161	193,480,462
35	TOTAL ASSETS AND OTHER DEBITS	$ 9,475,302,538	$ 9,321,883,312	$ 8,994,449,744	$ 8,724,994,572	$ 8,278,423,100
	ELECTRIC PLANT IN SERVICE*					
36	INTANGIBLE PLANT	-	-	-	-	-
	PRODUCTION PLANT					
37	STEAM	1,621,175,818	1,637,154,474	1,617,590,263	1,609,210,427	1,545,162,055
38	NUCLEAR	552,108,231	543,484,605	489,256,227	503,890,400	477,418,461
39	HYDRAULIC	-	-	-	-	-
40	OTHER	231,058,908	235,590,736	154,287,650	148,454,008	147,650,393
41	TRANSMISSION PLANT	1,471,648,235	1,419,555,873	1,371,270,045	1,328,899,527	1,262,794,661
42	DISTRIBUTION PLANT	4,385,108,525	4,217,758,366	4,055,520,600	3,832,060,390	3,691,869,502
43	GENERAL PLANT	-	-	-	-	-
44	ELECTRIC PLANT PURCHASED OR SOLD	-	-	-	-	-
45	EXPERIMENTAL ELECTRIC PLT UNCLASSIFIED	-	-	-	-	-
46	NUCLEAR FUEL ASSEMBLIES	321,737,647	293,882,991	284,759,447	252,877,678	240,942,863
47	TOTAL ELECTRIC PLANT IN SERVICE	8,582,837,364	8,347,427,045	7,972,684,232	7,675,392,430	7,365,837,935
48	PLANT LEASED TO OTHERS	-	-	-	-	-
49	PLANT HELD FOR FUTURE USE	7,843,861	7,925,365	8,461,150	8,359,723	7,865,833
50	CONSTRUCTION WORK IN PROGRESS	253,869,169	230,615,712	182,554,476	242,129,429	270,860,941
51	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
52	TOTAL ELECTRIC UTILITY PLANT	8,844,550,394	8,585,968,122	8,163,699,858	7,925,881,582	7,644,564,709
53	ACCUM. PROV. FOR DEPR. AND AMORT.	2,521,596,519	2,403,741,901	2,262,353,216	2,170,007,475	2,040,513,853
54	NET ELECTRIC UTILITY PLANT	6,322,953,875	6,182,226,221	5,901,346,642	5,755,874,107	5,604,050,856
	PLANT IN SERVICE					
55	BEGINNING OF YEAR	8,222,197,045	7,972,684,232	7,675,392,430	7,365,837,936	7,143,148,678
56	ADDITIONS	376,584,131	324,124,422	430,838,935	382,421,176	253,244,594
57	RETIREMENTS	83,986,180	75,403,201	134,944,472	72,842,289	67,485,746
58	TRANSFERS AND ADJUSTMENTS	68,042,368	126,021,592	1,397,339	24,393-	36,930,409
59	END OF YEAR	$ 8,582,837,364	$ 8,347,427,045	$ 7,972,684,232	$ 7,675,392,430	$ 7,365,837,935

*EXCLUDES ALLOCATION OF COMMON PLANT

CONSOLIDATED EDISON CO. OF NEW YORK, INC.
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
LIABILITIES AND OTHER CREDITS						
COMMON STOCK ISSUED	$ 569,689,580	$ 592,603,015	$ 604,543,535	$ 649,489,585	$ 648,761,000	1
PREFERRED STOCK ISSUED	647,642,427	650,915,727	655,201,027	559,336,927	663,828,727	2
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	3
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	4
PREMIUM ON CAPITAL STOCK	706,073,844	734,161,657	748,389,113	803,518,126	802,004,911	5
OTHER PAID-IN CAPITAL	-	-	-	-	-	6
INSTALLMENTS REC'D ON CAPITAL STOCK	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	31,796,684-	32,736,678-	33,250,913-	35,083,426-	35,094,014-	8
RETAINED EARNINGS	2,752,109,428	2,741,176,021	2,632,985,161	2,593,797,871	2,287,687,133	9
UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS	11,119,162	2,084,601	326,362	266,479	312,024	10
REACQUIRED CAPITAL STOCK	-	-	-	-	-	11
TOTAL PROPRIETARY CAPITAL	4,654,837,757	4,688,204,343	4,608,194,285	4,671,325,562	4,367,499,781	12
BONDS (LESS BONDS REACQUIRED)	2,267,889,500	2,332,889,500	2,407,889,500	2,482,889,500	2,522,889,500	13
ADVANCES FROM ASSOCIATED COMPANIES	-	-	-	-	-	14
OTHER LONG-TERM DEBT	556,218,891	406,319,653	256,415,036	505,326	590,795	15
NET UNAMORTIZED PREMIUM + DISCOUNT	745,655	943,995	1,160,058	1,393,918	1,627,778	16
TOTAL LONG-TERM DEBT	2,824,854,046	2,740,153,148	2,665,464,594	2,484,788,744	2,525,108,073	17
NOTES PAYABLE	-	-	-	-	-	18
ACCOUNTS PAYABLE	140,886,221	120,197,162	179,180,944	182,297,540	161,295,259	19
PAYABLES TO ASSOCIATED COMPANIES	-	-	-	-	-	20
CUSTOMER DEPOSITS	131,021,538	126,251,601	116,107,083	101,956,559	86,276,383	21
TAXES ACCRUED	164,830,275	219,788,815	207,761,157	181,170,353	178,326,081	22
INTEREST ACCRUED	57,741,092	55,211,890	56,110,827	47,650,229	47,150,760	23
DIVIDENDS DECLARED	9,405,961	9,468,608	9,474,837	9,617,785	9,697,085	24
TAX COLLECTIONS PAYABLE	21,333,893	20,049,475	24,555,821	24,558,165	22,247,282	25
OTHER CURRENT AND ACCRUED LIABILITIES	218,527,000	214,430,266	185,815,083	164,088,768	148,486,614	26
TOTAL CURRENT AND ACCRUED LIABILITIES	743,745,980	765,397,837	779,005,752	711,339,399	653,479,464	27
CUSTOMER ADVANCES FOR CONSTRUCTION	5,868,437	3,759,874	2,772,657	1,990,124	960,217	28
DEFERRED GAINS FROM DISP. OF UTILITY PLANT	-	-	-	-	-	29
ACCUM. DEFERRED INVESTMENT TAX CREDITS	283,889,616	289,918,000	283,158,000	261,490,000	240,990,000	30
OTHER DEFERRED CREDITS	242,556,702	198,921,110	71,265,803	76,555,906	60,820,705	31
ACCUMULATED DEFERRED INCOME TAXES:						
ACCELERATED AMORTIZATION	404,000	463,000	526,000	796,000	1,647,000	32
LIBERALIZED DEPRECIATION	660,055,000	592,377,000	510,792,000	438,357,000	350,294,000	33
OTHER	41,291,000	30,589,000	64,146,000	70,627,000	68,053,000	34
TOTAL DEFERRED CREDITS	1,234,064,755	1,116,027,984	932,660,460	849,816,030	722,764,922	35
PROPERTY INSURANCE RESERVE	-	-	-	-	-	36
INJURIES AND DAMAGE RESERVE	17,800,000	12,100,000	9,124,653	7,724,837	9,570,860	37
PENSION AND BENEFITS RESERVE	-	-	-	-	-	38
MISCELLANEOUS OPERATING RESERVES	-	-	-	-	-	39
TOTAL OPERATING RESERVES	17,800,000	12,100,000	9,124,653	7,724,837	9,570,860	40
TOTAL LIABILITIES AND OTHER CREDITS	$ 9,475,302,538	$ 9,321,883,312	$ 8,994,449,744	$ 8,724,994,572	$ 8,278,423,100	41
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS / BY CURRENT LIABILITIES	1.55	1.80	2.09	2.26	2.14	42
PERCENT OF CAPITALIZATION:						
LONG-TERM DEBT	37.7	36.8	36.6	34.7	36.6	43
PREFERRED STOCK	8.6	8.7	9.0	9.2	9.6	44
COMMON STOCK AND OTHER PAID-IN CAPITAL	16.7	17.4	18.1	19.8	20.5	45
RETAINED EARNINGS	36.7	36.9	36.1	36.2	33.1	46
LONG-TERM DEBT: % OF GROSS UTILITY PLANT	26.5	26.7	27.5	26.5	28.0	47
ACCUM.PROVISION FOR DEPR.:% OF UTILITY PLT	27.4	26.9	26.7	26.3	25.7	48

CONSOLIDATED EDISON CO. OF NEW YORK, INC.
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO.	ITEM	1987	1986	1985	1984	1983
			SOURCES OF FUNDS			
	INTERNAL:					
1	NET INCOME	$ 550,114,241	$ 546,407,295	$ 563,731,246	$ 619,971,161	$ 575,835,793
2	DEPRECIATION AND AMORTIZATION	319,701,966	302,307,619	318,841,688	260,771,956	289,848,174
3	DEFERRED INCOME TAXES (NET)	37,910,000	54,550,000	77,820,000	110,610,000	27,990,000
4	INTEREST CAPITALIZED	15,281,245-	10,088,802-	10,305,707-	22,392,157-	14,662,068-
5	OTHER (NET)	55,795,183	7,571,627	17,008,004	-	-
6	SUBTOTAL	948,240,146	900,747,739	967,095,231	988,960,960	879,011,899
7	EXTRAORDINARY ITEMS	-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	948,240,146	900,747,739	967,095,231	988,960,960	879,011,899
9	LESS DIVIDENDS: PREFERRED	37,778,527	38,051,666	38,352,979	38,649,403	38,971,360
10	COMMON	343,452,815	319,693,864	296,922,029	275,246,410	242,608,007
11	NET FUNDS - INTERNAL SOURCES	567,008,804	543,002,209	631,820,223	675,065,147	597,432,532
	EXTERNAL:					
12	LONG TERM DEBT	150,000,000	150,000,000	256,000,000	-	-
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	23,002,078
15	NET INCREASE IN SHORT TERM DEBT	-	-	-	-	-
16	OTHER (NET)	-	-	-	-	-
17	TOTAL FUNDS - EXTERNAL SOURCES	150,000,000	150,000,000	256,000,000	-	23,002,078
	OTHER SOURCES:					
18	NET DECREASE IN WORKING CAPITAL	200,151,682	225,242,245	40,880,625	-	-
19	OTHER	-	-	-	-	49,043,486
20	TOTAL FUNDS PROVIDED	$ 917,160,486	$ 918,244,454	$ 928,700,848	$ 675,065,147	$ 669,478,096
			USES OF FUNDS			
	CONSTRUCTION EXPENDITURES:					
21	ELECTRIC PLANT	$ 336,492,970	$ 330,378,048	$ 308,396,783	$ 305,291,258	$ 263,892,356
22	NUCLEAR PLANT	35,974,410	38,089,926	39,368,683	40,416,745	22,277,395
23	NUCLEAR FUEL	27,854,656	9,123,544	72,397,497	11,934,814	29,464,569
24	GAS PLANT	58,161,312	47,369,898	48,593,177	41,839,008	44,379,756
25	LIQUEFIED NATURAL GAS PLANT	134-	58,834	54,392	62,714	326,825
26	STEAM PLANT	9,557,452	10,436,854	7,921,409	8,608,333	7,874,714
27	NON-UTILITY PLANT	-	-	-	-	-
28	OTHER	75,108,687	63,559,294	53,941,986	68,998,551	51,538,136
29	TOTAL CONSTRUCTION	543,149,353	499,016,398	530,673,927	477,151,423	419,753,751
30	LESS INTEREST CAPITALIZED	15,281,245	10,088,802	10,305,707	22,392,157	14,662,068
31	TOTAL EXCLUDING INTEREST CAPITALIZED	527,868,108	488,927,596	520,368,220	454,759,266	405,091,683
	RETIREMENT OF SECURITIES:					
32	LONG TERM DEBT	65,100,763	75,095,383	75,090,291	40,085,468	45,080,905
33	PREFERRED STOCK	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000
34	REDEMPTION OF CAPITAL STOCK	199,999,485	106,401,625	289,337,811	-	-
35	NET DECREASE IN SHORT TERM DEBT	-	-	-	-	-
36	OTHER (NET)	-	-	-	-	-
37	TOTAL RETIREMENT OF SECURITIES	267,350,248	183,747,008	366,678,102	42,335,468	47,330,905
	OTHER USES					
38	NET INCREASE IN WORKING CAPITAL	-	-	-	141,220,724	217,055,508
39	OTHER	121,942,130	245,569,850	41,654,526	36,749,689	-
40	TOTAL FUNDS APPLIED	$ 917,160,486	$ 918,244,454	$ 928,700,848	$ 675,065,147	$ 669,478,096

CONSOLIDATED EDISON CO. OF NEW YORK, INC.
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNING STATEMENTS						
ELECTRIC OPERATING INCOME						
OPERATING REVENUES	$ 4,198,362,663	$ 4,235,568,344	$ 4,419,118,403	$ 4,620,768,540	$ 4,412,056,304	1
OPERATION AND MAINTENANCE EXPENSE	2,122,962,239	2,129,517,464	2,362,134,796	2,573,982,014	2,459,515,317	2
DEPRECIATION EXPENSE	251,686,426	241,739,902	231,332,382	219,472,120	211,026,175	3
AMORTIZATION	7,416,601	7,416,601	7,416,601	5,980,104	14,148,289	4
TAXES OTHER THAN INCOME TAXES	874,238,848	850,730,547	821,408,715	803,342,481	742,650,255	5
INCOME TAXES	277,849,000	340,860,000	317,786,000	283,809,000	338,402,000	6
PROVISION FOR DEFERRED INCOME TAXES	197,602,000	288,208,000	138,855,000	227,453,000	166,327,000	7
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	166,051,000-	246,207,000-	99,242,000-	151,439,000-	156,022,000-	8
MISC. ADJUSTMENTS OF INCOME TAXES	-	-	-	-	-	9
GAINS FROM DISPOSITION OF UTILITY PLT	-	-	197,821-	766,911-	575,183-	10
LOSSES FROM DISPOSITION OF UTILITY PLT	-	-	-	-	-	11
TOTAL OPERATING EXPENSES	3,565,704,114	3,612,265,514	3,779,493,673	3,961,832,808	3,775,471,853	12
NET OPERATING REVENUES	632,658,549	623,302,830	639,624,730	658,935,732	636,584,451	13
INC. - LEASED PLT. & OTHER	-	-	-	-	-	14
ELECTRIC OPERATING INCOME	632,658,549	623,302,830	639,624,730	658,935,732	636,584,451	15
OTHER UTILITY OPERATING INCOME	91,313,504	86,596,273	75,518,482	92,029,610	92,197,303	16
TOTAL UTILITY OPERATING INCOME	723,972,053	709,899,103	715,143,212	750,965,342	728,781,754	17
OTHER INCOME:						
MERCH., JOBBING, & CONTRACT WORK	367-	3,004-	4,285-	2,184-	4,954-	18
INCOME FROM NONUTILITY OPERATIONS	-	-	-	-	-	19
NONOPERATING RENTAL INCOME	303,130	302,317	298,368	277,738	243,482	20
EQUITY IN EARNINGS OF SUBSIDIARY CO'S.	9,139,782	1,991,524	59,883	81,191	94,379	21
INTEREST AND DIVIDEND INCOME	28,406,721	40,872,954	51,995,182	64,443,775	33,051,443	22
ALLOWANCE FOR CONSTRUCTION FUNDS	15,281,245	10,088,802	10,305,707	22,392,157	14,662,068	23
MISCELLANEOUS NONOPERATING INCOME	159,261	797,208	25,590	45,243	40,889	24
GAIN ON DISPOSITION OF PROPERTY	-	-	-	-	-	25
TOTAL OTHER INCOME	53,289,772	54,049,801	62,680,445	87,237,920	48,087,307	26
TOTAL INCOME	777,261,825	763,948,904	777,823,657	838,203,262	776,869,061	27
INCOME DEDUCTIONS:						
TAXES OTHER THAN INC. TAXES-NONOPERATING	617,463	714,528	1,096,300	1,027,097	734,787	28
INCOME TAXES-NONOPERATING	7,560,000	9,940,000	18,860,000	26,340,000	12,210,000	29
LOSS ON DISPOSITION OF PROPERTY	-	-	-	-	-	30
MISCELLANEOUS AMORTIZATION	-	-	-	-	-	31
MISCELLANEOUS INCOME DEDUCTIONS	7,725,618	8,271,339	6,013,387	6,467,062	6,433,303	32
TOTAL INCOME DEDUCTIONS	15,903,081	18,925,867	25,969,687	33,834,159	19,378,090	33
INCOME BEFORE INTEREST CHARGES	761,358,744	745,023,037	751,853,970	804,369,103	757,490,971	34
INTEREST CHARGES:						
INTEREST ON LONG-TERM DEBT	195,214,270	180,836,729	168,121,326	161,689,219	163,397,990	35
AMORT. OF DEBT DISCOUNT & EXPENSE	1,397,619	1,303,502	1,219,284	1,162,941	1,180,605	36
AMORT. OF PREMIUM ON DEBT-CREDIT	198,340-	216,063-	233,860-	233,860-	265,606-	37
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	38
OTHER INTEREST EXPENSE	14,830,954	16,691,574	19,015,974	21,779,642	17,342,189	39
TOTAL INTEREST CHARGES	211,244,503	198,615,742	188,122,724	184,397,942	181,655,178	40
INCOME BEFORE EXTRAORDINARY ITEMS	550,114,241	546,407,295	563,731,246	619,971,161	575,835,793	41
EXTRAORDINARY ITEMS - NET	-	-	-	-	-	42
NET INCOME	$ 550,114,241	$ 546,407,295	$ 563,731,246	$ 619,971,161	$ 575,835,793	43
RETAINED EARNINGS						
BALANCE BEGINNING OF YEAR	$ 2,741,176,021	$ 2,632,985,161	$ 2,593,797,871	$ 2,287,687,133	$ 1,993,471,354	44
TRANSFERRED FROM INCOME	541,079,680	544,649,056	563,651,053	620,016,706	575,805,301	45
APPROPRIATIONS	-	-	-	-	-	46
DIVIDENDS DECLARED-PREFERRED STOCK	37,778,527	38,051,686	38,352,979	38,649,403	38,971,360	47
-COMMON STOCK	343,452,815	319,693,864	296,922,029	275,246,410	242,608,007	48
ADJUSTMENTS	148,914,931-	78,712,666-	189,188,755-	10,155-	10,155-	49
BALANCE END OF YEAR	2,752,109,428	2,741,176,021	2,632,985,161	2,593,797,871	2,287,687,133	50
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	51
UNDISTRIBUTED SUBSIDIARY EARNINGS	11,119,162	2,084,601	326,362	266,479	312,024	52
TOTAL END OF YEAR	$ 2,763,228,590	$ 2,743,260,622	$ 2,633,311,523	$ 2,594,064,350	$ 2,287,999,157	53
SELECTED INCOME ACCOUNT RELATIONSHIPS						
ELECTRIC OPERATING REVENUES:						
% OF TOTAL OPERATING REVENUES	82.2	81.2	80.1	80.4	79.8	54
NET INCOME-PERCENT OF OPERATING REVENUES	10.7	10.4	10.2	10.7	10.4	55
PRETAX COVERAGE OF INTEREST CHARGES	5.3	6.0	6.2	6.7	6.4	56
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	67.0	62.8	56.5	47.3	45.1	57
RETURN ON COMMON EQUITY	12.7	12.7	13.1	15.0	15.1	58

CONSOLIDATED EDISON CO. OF NEW YORK, INC
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
YEARS ENDING DECEMBER 31

LINE NO.	ITEM	1987	1986	1985	1984	1983
	ELECTRIC OPERATING REVENUES					
	REVENUES:					
1	RESIDENTIAL	$ 1,216.343.108	$ 1.207.580.498	$ 1,280.757.722	$ 1,361,600,664	$ 1,316.588.699
2	COMMERCIAL AND INDUSTRIAL	2.561.135.036	2.615.293.413	2,759.721.459	2,854,824.925	2,705.398.747
3	PUBLIC STREET AND HIGHWAY LIGHTING	612.386	550.114	598.798	550.464	520.373
4	OTHER PUBLIC AUTHORITIES	42.556.936	43.006.372	43.511.614	46.705.082	45.774.669
5	RAILROADS AND RAILWAYS	6.623.455	5.647.906	6.993.059	9.541.856	12.803.428
6	INTERDEPARTMENTAL	-	-	-	-	-
7	TOTAL REVENUES - ULTIMATE CONSUMERS	3.827.270.921	3.872.078.303	4,091.582.652	4.273.222.991	4,081.085.916
8	RESALE	76.866.708	55.305.182	105.768.909	145.675.358	147.480.938
9	TOTAL REVENUES FROM ELECTRIC SALES	3.904.137.629	3.927.383.485	4.197.351.561	4.418.898.349	4.228.566.854
10	OTHER ELECTRIC OPERATING REVENUES	294.225.034	308.184.859	221.766.842	201.870.191	183.489.450
11	TOTAL ELECTRIC OPERATING REVENUES	$ 4.198.362.663	$ 4.235.568.344	$ 4.419.118.403	$ 4.620.768.540	$ 4.412.056.304
	KILOWATT-HOUR SALES (THOUSANDS):					
12	RESIDENTIAL	8.608.841	8.128.076	8.096.945	8.253.770	8.280.776
13	COMMERCIAL AND INDUSTRIAL	22.498.947	21.574.291	21.014.951	20.672.844	20.020.122
14	PUBLIC STREET AND HIGHWAY LIGHTING	5.246	4.458	4.559	4.008	3,891
15	OTHER PUBLIC AUTHORITIES	427.312	407.688	395.155	385.886	385.248
16	RAILROADS AND RAILWAYS	67.576	52.826	56.478	73.281	104.172
17	INTERDEPARTMENTAL	-	-	-	-	-
18	TOTAL SALES TO ULTIMATE CONSUMERS	31.607.921	30.167.339	29.568.087	29.389.790	28.794.209
19	SALES NY POWER ATH. CUSTOMERS	7,574.894	7.265.942	6.872.651	6.766.091	6.553.442
20	MUNICIPAL DIST. AGENCY SALES	1.291.725	1.171.894	407.726	-	-
21	TOTAL SALES - FRANCHISE AREA	40.474.540	38.605.174	36.848.464	36.155.881	35.347.650
22	RESALE	2,015.999	1.623.411	2.605.674	3,021.233	2.894.671
23	TOTAL KILOWATT-HOUR SALES	42.490.539	40.228.585	39.454.138	39.177.114	38.242.322
	CUSTOMERS-AVERAGE PER MONTH:					
24	RESIDENTIAL	2.475.525	2.461.813	2.448.961	2.434.131	2.416.159
25	COMMERCIAL AND INDUSTRIAL	381,812	367.627	356.196	348.330	344.972
26	PUBLIC STREET AND HIGHWAY LIGHTING	234	199	166	145	136
27	OTHER PUBLIC AUTHORITIES	1.423	1.306	999	979	907
28	RAILROADS AND RAILWAYS	4	4	4	4	4
29	INTERDEPARTMENTAL	-	-	-	-	-
30	TOTAL ULTIMATE CONSUMERS	2.858.998	2.830.949	2.806.326	2.783.589	2.762.178
31	RESALE	4	4	4	4	4
32	TOTAL CUSTOMERS	2.859.002	2.830.953	2.806.330	2.783.593	2.762.182
	OPERATING REVENUE RELATIONSHIPS					
	RESIDENTIAL SALES:					
33	AVERAGE ANNUAL BILL PER CUSTOMER	$ 491.35	$ 490.52	$ 522.98	$ 559.38	$ 544.91
34	AVERAGE KWH CONSUMPTION PER CUSTOMER	3,478	3,302	3.306	3,391	3.427
35	AVERAGE REVENUE PER KWH SOLD (CENTS)	14.13	14.86	15.82	16.50	15.90
	COMMERCIAL AND INDUSTRIAL SALES:					
36	AVERAGE ANNUAL BILL PER CUSTOMER	$ 6.707.84	$ 7.113.99	$ 7.747.76	$ 8.195.75	$ 7.842.37
37	AVERAGE KWH CONSUMPTION PER CUSTOMER	58,927	58,685	58,998	59,348	58,034
38	AVERAGE REVENUE PER KWH SOLD (CENTS)	11.38	12.12	13.13	13.81	13.51
	ELECTRIC OPERATION AND MAINTENANCE EXPENSES					
	POWER PRODUCTION EXPENSES:					
	STEAM POWER					
39	FUEL	$ 603.665.595	$ 575,369,056	$ 789.215.225	$ 950.153.652	$ 1,004.187.815
40	OTHER	222.178.195	191.993.614	203.041.210	177.827.776	183.369.702
41	TOTAL STEAM POWER EXPENSES	825.843.790	767.362.670	992.256.435	1,127.981.428	1,187.557.517
	NUCLEAR POWER					
42	FUEL	15.953.382	26.326.305	57.980.935	17.133.488	63.328.008
43	OTHER	112.119.186	89.014.675	58.850.521	96.839.413	49.910.860
44	TOTAL NUCLEAR POWER EXPENSES	128.072.568	115.340.980	116.831.456	113.972.901	113.238.868
	HYDRAULIC POWER					
45	WATER FOR POWER	-	-	-	-	-
46	OTHER	-	-	-	-	-
47	TOTAL HYDRAULIC POWER EXPENSES	-	-	-	-	-
	OTHER POWER GENERATION					
48	FUEL	20.054.703	16.847.470	14.052.096	27.149.824	16.217.388
49	OTHER	30.730.152	27.615.218	26.729.013	25.990.101	33.034.316
50	TOTAL OTHER POWER GENERATION EXPENSE	50.784.855	44.462.688	40.781.109	53.139.925	49.251.704
	OTHER POWER SUPPLY EXPENSES					
51	PURCHASED POWER	384.598.920	438.101.205	461.938.066	560.332.907	429.119.342
52	OTHER	9.701.580	8.999.948	8.391.584	4.060.888	4.108.789
53	TOTAL OTHER POWER SUPPLY EXPENSES	394.300.500	447.101.153	470.329.650	564.393.795	433.228.131
54	TOTAL POWER PRODUCTION EXPENSES	1,399,001,713	1,374,267,491	1,620,198,650	1,859,488,049	1,783,276,220
55	TRANSMISSION EXPENSES	81,622,402	81,596,109	82,048,620	85,167,038	76,183,931
56	DISTRIBUTION EXPENSES	229,258,682	220,129,897	211,858,082	194,302,592	194,672,845
57	CUSTOMER ACCOUNTS EXPENSES	135,288,837	140,260,484	143,187,430	147,066,852	134,586,301
58	SALES EXPENSES	6,828,613	7,635,240	6,537,010	9,244,547	7,905,943
59	ADMINISTRATIVE AND GENERAL	270,961,992	305,628,243	298,305,004	278,712,936	262,890,077
60	TOTAL O & M EXPENSES	$ 2,122,962,239	$ 2,129,517,464	$ 2,362,134,796	$ 2,573,982,014	$ 2,459,515,317

CONSOLIDATED EDISON CO. OF NEW YORK, INC.
DISTRIBUTION OF ELECTRIC REVENUES FROM ULTIMATE CONSUMERS
YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
REVENUES - ULTIMATE CONSUMERS***	$ 3,833,297,489	$ 3,895,687,857	$ 4,106,626,694	$ 4,312,360,893	$ 4,107,158,642	1
SALES-ULTIMATE CONSUMERS (000 KWH)***	31,607,921	30,167,338	29,568,087	29,389,790	28,794,208	2
DOLLAR AMOUNTS						
FUEL AND PURCHASED POWER	$ 957,644,653	$ 1,003,438,617	$ 1,195,117,445	$ 1,390,562,844	$ 1,356,867,721	3
WAGES AND BENEFITS	586,999,248	614,112,984	621,242,119	598,885,478	544,317,932	4
OTHER OPERATION AND MAINTENANCE EXPENSES	409,777,263	361,176,020	346,211,759	362,967,231	347,812,644	5
DEPRECIATION AND AMORTIZATION EXPENSES	235,501,066	226,837,427	222,921,149	213,557,915	212,984,027	6
INCOME TAXES - OPERATING	281,216,436	348,564,871	333,705,278	340,839,617	329,828,791	7
OTHER TAXES - OPERATING	794,603,533	774,523,347	766,953,528	760,960,093	702,444,848	8
*INTEREST CHARGES **	165,637,119	156,068,081	152,185,926	148,875,284	147,919,033	9
*PREFERRED DIVIDENDS **	29,171,809	29,846,465	30,889,533	31,111,110	31,652,191	10
EARNINGS AVAILABLE FOR COMMON EQUITY	372,746,362	381,120,046	437,399,955	464,601,321	433,331,456	11
TOTAL	$ 3,833,297,489	$ 3,895,687,857	$ 4,106,626,694	$ 4,312,360,893	$ 4,107,158,642	12
PERCENT OF REVENUES - ULTIMATE CONSUMERS						
FUEL AND PURCHASED POWER	25.0	25.8	29.1	32.2	33.0	13
WAGES AND BENEFITS	15.3	15.8	15.1	13.9	13.3	14
OTHER OPERATION AND MAINTENANCE EXPENSES	10.7	9.3	8.4	8.4	8.5	15
DEPRECIATION AND AMORTIZATION EXPENSES	6.1	5.8	5.4	5.0	5.2	16
INCOME TAXES - OPERATING	7.3	8.9	8.1	7.9	8.0	17
OTHER TAXES - OPERATING	20.7	19.9	18.7	17.6	17.1	18
*INTEREST CHARGES **	4.3	4.0	3.7	3.5	3.6	19
*PREFERRED DIVIDENDS **	0.8	0.8	0.8	0.7	0.8	20
EARNINGS AVAILABLE FOR COMMON EQUITY	9.7	9.8	10.7	10.8	10.6	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
CENTS PER KWH						
FUEL AND PURCHASED POWER	3.03	3.33	4.04	4.73	4.71	23
WAGES AND BENEFITS	1.86	2.04	2.10	2.04	1.89	24
OTHER OPERATION AND MAINTENANCE EXPENSES	1.30	1.20	1.17	1.24	1.21	25
DEPRECIATION AND AMORTIZATION EXPENSES	0.75	0.75	0.75	0.73	0.74	26
INCOME TAXES - OPERATING	0.89	1.16	1.13	1.16	1.15	27
OTHER TAXES - OPERATING	2.51	2.57	2.59	2.59	2.44	28
*INTEREST CHARGES **	0.52	0.52	0.51	0.51	0.51	29
*PREFERRED DIVIDENDS **	0.09	0.10	0.10	0.11	0.11	30
EARNINGS AVAILABLE FOR COMMON EQUITY	1.18	1.26	1.48	1.58	1.50	31
TOTAL	12.13	12.91	13.89	14.67	14.26	32
* STARRED ITEMS ARE ALLOCATED TO ELECTRIC OPERATIONS BASED ON THE RATIO OF NET ELECTRIC PLANT TO NET TOTAL PLANT LESS NET COMMON PLANT AT DECEMBER 31- STATED AS PERCENTS	87.07	87.76	87.71	87.81	87.84	

** NET OF AFC

***EXCLUDES SALES FOR RESALE AND "SALES" MADE THROUGH THE NY POWER AUTHORITY OR MUNICIPAL DIST. AGENCIES

LONG ISLAND LIGHTING COMPANY
COMPARATIVE BALANCE SHEET AND STATEMENT OF ELECTRIC PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	ELECTRIC UTILITY PLANT	$ 8,690,997,147	$ 8,171,575,805	$ 7,657,368,083	$ 6,794,794,131	$ 5,958,903,431
2	ACCUM. PROV. FOR DEPR. AND AMORT.	805,268,066	753,249,741	698,348,824	644,491,356	593,540,712
3	NET ELECTRIC UTILITY PLANT	7,885,729,081	7,418,326,064	6,959,019,259	6,150,302,775	5,365,362,719
4	OTHER UTILITY PLANT	591,492,432	543,740,075	509,870,542	477,749,877	463,616,367
5	ACCUM. PROV. FOR DEPR. AND AMORT.	178,004,163	166,202,515	154,722,264	144,073,214	133,757,278
6	NET OTHER UTILITY PLANT	413,488,269	377,537,560	355,148,278	333,676,663	329,859,089
7	TOTAL UTILITY PLANT	9,282,489,579	8,715,315,880	8,167,238,625	7,272,544,008	6,422,519,798
8	ACCUM. PROV. FOR DEPR. AND AMORT.	983,272,229	919,452,256	853,071,088	788,564,570	727,297,990
9	NET TOTAL UTILITY PLANT	8,299,217,350	7,795,863,624	7,314,167,537	6,483,979,438	5,695,221,808
10	NONUTILITY PROPERTY LESS ACCUM. PROV. FOR DEPR. AND AMORT.	1,032,561	995,388	1,885,950	2,810,569	2,815,520
11	INVESTMENT IN ASSOCIATED COMPANIES	-	-	-	-	-
12	INVESTMENT IN SUBSIDIARY COMPANIES	353,948	444,207	519,522	569,669	636,925
13	OTHER INVESTMENTS	66,819,347	66,885,216	65,941,156	65,199,518	124,070,972
14	SPECIAL FUNDS	558,429	58,428	59,212	59,212	59,212
15	TOTAL OTHER PROPERTY AND INVESTMENTS	68,764,285	68,383,239	68,405,840	68,638,968	127,582,629
16	CASH	19,818,903	14,227,831	11,829,970	9,933,849	3,146,597
17	SPECIAL DEPOSITS	13,677,593	4,751,280-	74,863,124	61,899,894	3,557,160
18	WORKING FUNDS	176,025	176,925	197,580	171,487	154,187
19	TEMPORARY CASH INVESTMENTS	190,786,000	351,881,000	3,300,000	21,600,000	272,073,860
20	NOTES & ACCOUNTS RECEIVABLE LESS ACCUM. PROV. FOR UNCOLLECTIBLE ACCOUNTS	168,083,466	171,466,747	177,601,513	183,446,914	168,028,746
21	RECEIVABLES FROM ASSOCIATED COMPANIES	-	1,545-	1,838-	2,130-	2,572-
22	MATERIALS AND SUPPLIES	82,325,391	62,716,132	71,197,194	77,368,452	71,786,226
23	PREPAYMENTS	14,035,410	9,238,359	12,047,416	2,014,517	1,060,487
24	OTHER CURRENT AND ACCRUED ASSETS	88,058,936	60,987,367	63,415,219	70,969,727	67,198,107
25	TOTAL CURRENT AND ACCRUED ASSETS	576,961,724	665,941,536	414,450,178	427,402,710	587,002,798
26	UNAMORTIZED DEBT EXPENSE	59,059,186	65,624,119	31,833,338	31,852,357	18,803,746
27	EXTRAORDINARY PROPERTY LOSSES	118,484,593	127,590,121	25,537,410	42,512,850	-
28	PREL. SURVEY & INVESTIGATION CHARGES	-	-	-	-	-
29	CLEARING ACCOUNTS	-	-	-	-	-
30	DEFERRED LOSSES FROM DISP. OF UTILITY PLANT	-	-	-	-	-
31	RESEARCH AND DEVELOPMENT	2,106,876	7,472,505-	15,062,718-	11,865,267-	2,495,654-
32	ACCUMULATED DEFERRED INCOME TAXES	127,060,820	65,798,589	26,285,692	28,295,356	5,825,413
33	OTHER DEFERRED DEBITS	47,596,620	61,880,250	88,877,333	32,120,027	13,732,361
34	TOTAL DEFERRED DEBITS	354,308,095	313,420,574	157,471,055	122,915,323	35,865,866
35	TOTAL ASSETS AND OTHER DEBITS	$ 9,299,251,454	$ 8,843,608,973	$ 7,954,494,610	$ 7,102,936,439	$ 6,445,673,101
	ELECTRIC PLANT IN SERVICE*					
36	INTANGIBLE PLANT	-	-	-	-	-
	PRODUCTION PLANT					
37	STEAM	606,066,657	600,989,067	601,815,077	599,826,947	592,421,554
38	NUCLEAR	14,069,919	-	-	-	-
39	HYDRAULIC	-	-	-	-	-
40	OTHER	117,951,098	118,010,229	116,980,869	116,964,910	118,200,118
41	TRANSMISSION PLANT	421,491,317	398,390,879	392,160,214	364,130,332	358,361,369
42	DISTRIBUTION PLANT	803,765,365	775,044,985	726,612,448	706,609,534	686,286,544
43	GENERAL PLANT	42,763,163	38,992,926	36,802,122	33,889,902	33,063,366
44	ELECTRIC PLANT PURCHASED OR SOLD	-	-	-	-	-
45	EXPERIMENTAL ELECTRIC PLT UNCLASSIFIED	-	-	-	-	-
46	NUCLEAR FUEL ASSEMBLIES	183,739,901	170,520,786	189,625,960	167,384,912	155,665,202
47	TOTAL ELECTRIC PLANT IN SERVICE	2,189,847,420	2,101,948,872	2,063,996,690	1,988,806,537	1,943,998,153
48	PLANT LEASED TO OTHERS	-	-	-	-	-
49	PLANT HELD FOR FUTURE USE	17,396,974	17,379,410	8,904,687	10,157,897	10,157,897
50	CONSTRUCTION WORK IN PROGRESS	6,483,752,753	6,052,247,523	5,584,466,706	4,795,829,698	4,004,747,381
51	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
52	TOTAL ELECTRIC UTILITY PLANT	8,690,997,147	8,171,575,805	7,657,368,083	6,794,794,131	5,958,903,431
53	ACCUM. PROV. FOR DEPR. AND AMORT.	805,268,066	753,249,741	698,348,824	644,491,356	593,540,712
54	NET ELECTRIC UTILITY PLANT	7,885,729,081	7,418,326,064	6,959,019,259	6,150,302,775	5,365,362,719
	PLANT IN SERVICE					
55	BEGINNING OF YEAR	2,101,948,872	2,063,996,666	1,988,806,537	1,943,998,153	1,875,721,503
56	ADDITIONS	95,839,723	82,413,009	170,484,930	61,258,264	75,822,664
57	RETIREMENTS	7,799,962	4,964,932	4,652,794	6,051,041	8,975,658
58	TRANSFERS AND ADJUSTMENTS	141,213-	39,495,871-	90,641,983-	10,398,829-	1,429,644
59	END OF YEAR	$ 2,189,847,420	$ 2,101,948,872	$ 2,063,996,690	$ 1,988,806,536	$ 1,943,998,153

*EXCLUDES ALLOCATION OF COMMON PLANT

LONG ISLAND LIGHTING COMPANY
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

LIABILITIES AND OTHER CREDITS

ITEM	1987	1986	1985	1984	1983	LINE NO.
COMMON STOCK ISSUED	$ 555,749,090	$ 555,524,975	$ 555,294,495	$ 551,080,780	$ 520,600,360	1
PREFERRED STOCK ISSUED	754,863,100	754,865,500	754,868,000	754,868,800	799,168,600	2
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	3
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	4
PREMIUM ON CAPITAL STOCK	997,445,750	997,219,759	996,986,474	996,016,528	962,892,136	5
OTHER PAID-IN CAPITAL	3,637,299	3,637,299	3,637,299	3,637,299	1,333,416	6
INSTALLMENTS REC'D ON CAPITAL STOCK	96,259	100,886	107,481	342,890	337,245	7
CAPITAL STOCK EXPENSE	56,143,605-	56,138,161-	56,116,102-	56,103,001-	56,278,151-	8
RETAINED EARNINGS	2,067,113,913	1,797,122,776	1,480,471,857	956,192,008	579,961,235	9
UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS	93,310	196,644	172,471	164,293	153,997	10
REACQUIRED CAPITAL STOCK	40,881,373-	26,701,240-	7,853,963-	605,284-	1,771,600-	11
TOTAL PROPRIETARY CAPITAL	4,281,973,743	4,026,828,438	3,727,768,012	3,205,674,313	2,806,397,238	12
BONDS (LESS BONDS REACQUIRED)	2,294,000,000	2,318,000,000	2,141,000,000	1,837,500,000	1,716,000,000	13
ADVANCES FROM ASSOCIATED COMPANIES	-	-	-	-	-	14
OTHER LONG-TERM DEBT	1,511,796,180	1,511,796,180	1,292,095,003	1,296,104,661	1,345,151,764	15
NET UNAMORTIZED PREMIUM + DISCOUNT	26,646,043-	28,281,187-	9,414,094-	9,658,157-	8,197,924-	16
TOTAL LONG-TERM DEBT	3,779,150,137	3,801,514,993	3,423,680,909	3,123,946,504	3,052,953,840	17
NOTES PAYABLE	-	-	-	-	-	18
ACCOUNTS PAYABLE	84,015,717	89,185,088	102,166,095	120,943,807	111,937,957	19
PAYABLES TO ASSOCIATED COMPANIES	-	-	-	-	-	20
CUSTOMER DEPOSITS	16,347,729	15,361,594	14,013,590	12,761,596	12,230,863	21
TAXES ACCRUED	1,863,992	18,099,121	20,100,409	124,131,381	54,620,653	22
INTEREST ACCRUED	70,603,556	69,967,486	59,618,325	59,579,666	61,412,898	23
DIVIDENDS DECLARED	-	-	-	-	67,488,118	24
TAX COLLECTIONS PAYABLE	3,776,599	3,359,316	4,174,097	4,594,247	4,470,561	25
OTHER CURRENT AND ACCRUED LIABILITIES	44,309,027	36,307,104	45,267,803	39,051,309	23,817,666	26
TOTAL CURRENT AND ACCRUED LIABILITIES	220,916,620	232,279,709	245,340,319	361,062,006	335,978,516	27
CUSTOMER ADVANCES FOR CONSTRUCTION	6,678,860	5,308,768	4,428,264	3,364,718	3,021,885	28
DEFERRED GAINS FROM DISP. OF UTILITY PLANT	-	-	-	-	-	29
ACCUM. DEFERRED INVESTMENT TAX CREDITS	22,740,987	71,384,400	289,045,446	243,906,530	143,790,116	30
OTHER DEFERRED CREDITS	76,537,688	69,886,185	183,838,163	106,482,867	71,461,297	31
ACCUMULATED DEFERRED INCOME TAXES:						
ACCELERATED AMORTIZATION	451,501	882,480	1,313,530	1,744,440	2,175,420	32
LIBERALIZED DEPRECIATION	814,463,397	565,252,901	39,516,513	26,936,127	20,908,819	33
OTHER	83,741,727	55,238,865	30,229,919	10,821,006	6,199,517	34
TOTAL DEFERRED CREDITS	1,004,614,160	767,953,399	548,371,835	393,255,687	247,557,054	35
PROPERTY INSURANCE RESERVE	-	-	-	-	925,926	36
INJURIES AND DAMAGE RESERVE	7,700,000	9,290,418	8,456,239	7,121,867	6,437,577	37
PENSION AND BENEFITS RESERVE	2,149,716	1,808,824	2,097,539	1,679,971	1,232,996	38
MISCELLANEOUS OPERATING RESERVES	2,747,078	3,933,192	1,220,243-	10,196,091	2,010,046-	39
TOTAL OPERATING RESERVES	12,596,794	15,032,434	9,333,535	18,997,929	6,586,453	40
TOTAL LIABILITIES AND OTHER CREDITS	$ 9,299,251,454	$ 8,843,608,973	$ 7,954,494,610	$ 7,102,936,439	$ 6,449,473,101	41

SELECTED BALANCE SHEET RELATIONSHIPS

ITEM	1987	1986	1985	1984	1983	LINE NO.
CURRENT ASSETS / BY CURRENT LIABILITIES	2.61	2.87	1.69	1.18	1.75	42
PERCENT OF CAPITALIZATION:						
LONG-TERM DEBT	46.8	48.5	47.8	49.3	52.1	43
PREFERRED STOCK	9.3	9.6	10.5	11.9	13.6	44
COMMON STOCK AND OTHER PAID-IN CAPITAL	18.1	18.8	20.8	23.6	24.3	45
RETAINED EARNINGS	25.6	22.9	20.7	15.1	9.8	46
LONG-TERM DEBT: % OF GROSS UTILITY PLANT	40.7	43.6	41.9	42.9	47.5	47
ACCUM.PROVISION FOR DEPR.:% OF UTILITY PLT	10.5	10.5	10.4	10.8	11.3	48

LONG ISLAND LIGHTING COMPANY
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO.	ITEM	1987	1986	1985	1984	1983
			SOURCES OF FUNDS			
	INTERNAL					
1	NET INCOME	$ 269,887,803	$ 332,675,092	$ 524,288,027	$ 427,787,905	$ 364,973,659
2	DEPRECIATION AND AMORTIZATION	84,757,707	86,418,595	83,664,214	71,390,748	64,477,554
3	DEFERRED INCOME TAXES (NET)	167,376,935	170,365,053	153,530,738	101,719,289	65,019,864
4	INTEREST CAPITALIZED	181,034,208-	251,389,566-	378,239,591-	310,120,980-	284,841,162-
5	OTHER (NET)	21,694,005	21,847,415	28,649,645	24,726,099	13,166,782
6	SUBTOTAL	362,682,242	359,916,589	411,893,033	315,503,061	222,796,697
7	EXTRAORDINARY ITEMS	-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	362,682,242	359,916,589	411,893,033	315,503,061	222,796,697
9	LESS DIVIDENDS: PREFERRED	-	-	-	51,545,379	78,998,037
10	COMMON	-	-	-	258	207,628,164
11	NET FUNDS - INTERNAL SOURCES	362,682,242	359,916,589	411,893,033	263,957,424	63,829,504-
	EXTERNAL					
12	LONG TERM DEBT	-	1,225,000,000	503,729,554	264,500,000	685,000,000
13	PREFERRED STOCK	-	-	-	-	171,768,990
14	COMMON STOCK	445,479	457,171	2,180,427-	63,584,811	54,351,541
15	NET INCREASE IN SHORT TERM DEBT	-	358,579,768	-	-	-
16	OTHER (NET)	-	-	54,292,006-	84,990,491-	175,039,568
17	TOTAL FUNDS - EXTERNAL SOURCES	445,479	1,584,036,939	447,257,121	243,094,320	1,086,160,099
	OTHER SOURCES					
18	NET DECREASE IN WORKING CAPITAL	77,616,721	-	-	184,683,579	-
19	OTHER	22,342,281	123,452,527	1,204,313	106,796,141	37,755,964
20	TOTAL FUNDS PROVIDED	$ 463,086,723	$ 2,067,406,055	$ 860,354,467	$ 798,531,464	$ 1,060,086,559
			USES OF FUNDS			
	CONSTRUCTION EXPENDITURES					
21	ELECTRIC PLANT	$ 117,998,883	$ 98,807,284	$ 64,819,829	$ 44,603,222	$ 66,684,250
22	NUCLEAR PLANT	410,348,187	903,794,431	832,200,015	904,210,329	655,484,188
23	NUCLEAR FUEL	13,219,115	478,934,922-	9,574,555	9,089,555	91,839-
24	GAS PLANT	32,833,056	30,199,545	21,200,071	12,742,450	18,557,021
25	LIQUEFIED NATURAL GAS PLANT	5,028,234	2,701,918	548,873	316,727	390,164
26	STEAM PLANT	-	-	-	-	-
27	NON-UTILITY PLANT	-	10	-	-	-
28	OTHER	-	-	27,159,893-	49,908,769-	158,652,923
29	TOTAL CONSTRUCTION	579,427,475	556,568,266	901,183,450	921,053,514	899,676,707
30	LESS INTEREST CAPITALIZED	181,034,208	251,389,566	378,239,591	310,120,980	284,841,162
31	TOTAL EXCLUDING INTEREST CAPITALIZED	398,393,267	305,178,700	522,943,859	610,932,534	614,835,545
	RETIREMENT OF SECURITIES					
32	LONG TERM DEBT	24,000,000	552,786,632	149,947,206	107,056,611	107,052,046
33	PREFERRED STOCK	15,182,533	18,049,777	800	40,729,602	14,323,300
34	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
35	NET DECREASE IN SHORT TERM DEBT	-	-	-	-	-
36	OTHER (NET)	-	634,091,959	-	-	-
37	TOTAL RETIREMENT OF SECURITIES	39,182,533	1,204,928,368	149,948,006	147,786,213	121,375,346
	OTHER USES					
38	NET INCREASE IN WORKING CAPITAL	-	335,929,030	118,672,009	-	237,920,390
39	OTHER	25,510,923	221,369,957	68,790,593	39,812,717	86,955,278
40	TOTAL FUNDS APPLIED	$ 463,086,723	$ 2,067,406,055	$ 860,354,467	$ 798,531,464	$ 1,060,086,559

LONG ISLAND LIGHTING COMPANY
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNING STATEMENTS						
ELECTRIC OPERATING INCOME:						
OPERATING REVENUES	$ 1,719,150,779	$ 1,612,021,971	$ 1,679,391,113	$ 1,613,699,657	$ 1,436,365,072	1
OPERATION AND MAINTENANCE EXPENSE	776,519,580	709,698,088	814,093,467	873,608,364	850,843,264	2
DEPRECIATION EXPENSE	63,840,033	61,193,800	58,511,048	57,198,207	55,648,543	3
AMORTIZATION	10,853,117	16,279,675	16,975,440	5,658,480	-	4
TAXES OTHER THAN INCOME TAXES	250,047,220	230,508,300	224,376,077	213,691,217	201,841,488	5
INCOME TAXES	10,430,602	215,438,129-	50,457,924	94,209,266	42,587,263	6
PROVISION FOR DEFERRED INCOME TAXES	282,693,632	249,435,508	155,586,303	91,232,848	47,886,272	7
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	48,190,455-	208,709,240	12,476,513	3,304,377-	3,007,411-	8
MISC. ADJUSTMENTS OF INCOME TAXES	28,114,999	-	-	-	-	9
GAINS FROM DISPOSITION OF UTILITY PLT	-	52,018-	1,413-	-	-	10
LOSSES FROM DISPOSITION OF UTILITY PLT	-	18,910	-	-	-	11
TOTAL OPERATING EXPENSES	1,374,308,728	1,260,353,374	1,332,475,359	1,332,294,012	1,195,799,419	12
NET OPERATING REVENUES	344,842,051	351,668,597	346,915,754	281,405,645	240,565,653	13
INC - LEASED PLT & OTHER	-	-	-	-	-	14
ELECTRIC OPERATING INCOME	344,842,051	351,668,597	346,915,754	281,405,645	240,565,653	15
OTHER UTILITY OPERATING INCOME	37,762,009	35,410,609	41,224,184	32,454,022	28,982,172	16
TOTAL UTILITY OPERATING INCOME	382,604,060	387,079,206	388,139,938	313,859,667	269,547,825	17
OTHER INCOME:						
MERCH., JOBBING, & CONTRACT WORK	93,890	58,566-	38,691-	81,143	119,210-	18
INCOME FROM NONUTILITY OPERATIONS	-	-	-	-	-	19
NONOPERATING RENTAL INCOME	30,211-	26,521-	67,238	1,909-	14,986-	20
EQUITY IN EARNINGS OF SUBSIDIARY CO'S	27,643	70,914	66,504	68,621	87,194	21
INTEREST AND DIVIDEND INCOME	20,298,196	9,154,261	2,414,817	20,993,947	12,892,725	22
ALLOWANCE FOR CONSTRUCTION FUNDS	181,034,207	251,389,566	378,239,590	310,120,981	284,841,162	23
MISCELLANEOUS NONOPERATING INCOME	573,251	1,315,550	39,768-	39,938-	69,658-	24
GAIN ON DISPOSITION OF PROPERTY	127,893	504,862	13,120	-	22,567	25
TOTAL OTHER INCOME	202,124,871	262,350,064	380,722,810	331,222,845	297,639,794	26
TOTAL INCOME	584,728,931	649,429,270	768,862,748	645,082,512	567,187,619	27
INCOME DEDUCTIONS:						
TAXES OTHER THAN INC. TAXES-NONOPERATING	102,136	770,284-	353,495	3,758,779-	148,331-	28
INCOME TAXES-NONOPERATING	118,866,914-	82,577,549-	85,049,531-	81,003,124-	21,511,016-	29
LOSS ON DISPOSITION OF PROPERTY	19,250	351,965	6,485	-	54	30
MISCELLANEOUS AMORTIZATION	-	-	-	599,289	1,177,407	31
MISCELLANEOUS INCOME DEDUCTIONS	6,084,860	20,678,540	2,727,274	13,494,787	3,283,747	32
TOTAL INCOME DEDUCTIONS	112,660,678-	62,317,328-	81,962,277-	70,667,827-	27,198,139-	33
INCOME BEFORE INTEREST CHARGES	697,389,609	711,746,598	850,825,025	715,750,339	594,385,758	34
INTEREST CHARGES:						
INTEREST ON LONG-TERM DEBT	410,097,509	379,751,440	310,975,697	275,978,832	214,952,213	35
AMORT. OF DEBT DISCOUNT & EXPENSE	8,902,792	7,253,392	11,257,645	5,825,519	2,126,276	36
AMORT. OF PREMIUM ON DEBT-CREDIT	101,692-	111,470-	115,692-	127,038-	129,173-	37
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	38
OTHER INTEREST EXPENSE	8,603,197	8,178,144	4,419,348	6,285,120	12,462,783	39
TOTAL INTEREST CHARGES	427,501,806	395,071,506	326,536,998	287,962,433	229,412,099	40
INCOME BEFORE EXTRAORDINARY ITEMS	269,887,803	316,675,092	524,288,027	427,787,906	364,973,659	41
EXTRAORDINARY ITEMS - NET	-	-	-	-	-	42
NET INCOME	$ 269,887,803	$ 316,675,092	$ 524,288,027	$ 427,787,906	$ 364,973,659	43
RETAINED EARNINGS						
BALANCE BEGINNING OF YEAR	$ 1,797,122,776	$ 1,480,471,857	$ 956,192,008	$ 579,961,235	$ 501,680,906	44
TRANSFERRED FROM INCOME	269,991,137	316,650,919	524,279,849	427,777,610	364,944,790	45
APPROPRIATIONS	-	-	-	-	-	46
DIVIDENDS DECLARED-PREFERRED STOCK	-	-	-	51,545,380	78,998,038	47
-COMMON STOCK	-	-	-	258	207,628,164	48
ADJUSTMENTS	-	-	-	1,199-	30,259-	49
BALANCE END OF YEAR	2,067,113,913	1,797,122,776	1,480,471,857	956,192,008	579,961,235	50
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	51
UNDISTRIBUTED SUBSIDIARY EARNINGS	93,310	196,644	172,471	164,293	153,997	52
TOTAL END OF YEAR	$ 2,067,207,223	$ 1,797,319,420	$ 1,480,644,328	$ 956,356,301	$ 580,115,232	53
SELECTED INCOME ACCOUNT RELATIONSHIPS						
ELECTRIC OPERATING REVENUES						
% OF TOTAL OPERATING REVENUES	81.4	81.2	79.2	76.9	76.2	54
NET INCOME-PERCENT OF OPERATING REVENUES	12.7	15.9	24.7	20.3	19.3	55
PRETAX COVERAGE OF INTEREST CHARGES	2.0	2.2*	2.8*	2.4*	2.5*	56
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	-	-	-	-	72.6	57
RETURN ON COMMON EQUITY	5.6**	7.5**	16.2**	15.2**	14.7	58

* LONG ISLAND LIGHTING COMPANY INCLUDES INTEREST ON TRUST OBLIGATIONS.

** CALCULATION ASSUMES LONG ISLAND LIGHTING COMPANY'S PREFERRED DIVIDENDS ARE ACCRUED.

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LONG ISLAND LIGHTING COMPANY
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
YEARS ENDING DECEMBER 31

LINE NO.	ITEM	1987	1986	1985	1984	1983
			ELECTRIC OPERATING REVENUES			
	REVENUES:					
1	RESIDENTIAL	$ 800,952,127	$ 744,897,904	$ 772,861,328	$ 752,123,226	$ 674,190,516
2	COMMERCIAL AND INDUSTRIAL	849,625,853	804,387,340	844,636,179	796,542,942	694,038,218
3	PUBLIC STREET AND HIGHWAY LIGHTING	16,840,701	16,517,420	18,675,055	19,003,416	17,319,828
4	OTHER PUBLIC AUTHORITIES	21,251,198	20,446,446	25,755,288	23,985,547	21,137,977
5	RAILROADS AND RAILWAYS	-	-	-	-	-
6	INTERDEPARTMENTAL	289,623	232,792	424,870	303,010	417,644
7	TOTAL REVENUES - ULTIMATE CONSUMERS	1,688,959,502	1,586,481,902	1,662,352,720	1,591,958,141	1,407,104,183
8	RESALE	11,956,565	11,160,228	13,025,438	24,187,105	25,985,075
9	TOTAL REVENUES FROM ELECTRIC SALES	1,700,916,067	1,597,642,130	1,675,378,158	1,616,145,246	1,433,089,258
10	OTHER ELECTRIC OPERATING REVENUES	18,234,712	14,379,841	4,012,955	2,445,589-	3,275,814
11	TOTAL ELECTRIC OPERATING REVENUES	$ 1,719,150,779	$ 1,612,021,971	$ 1,679,391,113	$ 1,613,699,657	$ 1,436,365,072
	KILOWATT-HOUR SALES (THOUSANDS):					
12	RESIDENTIAL	6,602,519	6,251,168	5,970,093	6,000,314	5,899,768
13	COMMERCIAL AND INDUSTRIAL	8,004,367	7,712,786	7,368,337	7,129,396	6,797,032
14	PUBLIC STREET AND HIGHWAY LIGHTING	182,294	180,225	178,206	182,237	181,431
15	OTHER PUBLIC AUTHORITIES	254,698	245,169	271,714	258,345	251,707
16	RAILROADS AND RAILWAYS	-	-	-	-	-
17	INTERDEPARTMENTAL	7,388	4,665	8,543	6,538	9,096
18	TOTAL SALES TO ULTIMATE CONSUMERS	15,051,266	14,394,013	13,796,892	13,576,830	13,139,034
19	SALES: NY POWER ATH. CUSTOMERS	236,751	230,647	225,082	192,354	179,125
20	MUNICIPAL DIST. AGENCY SALES	-	-	-	-	-
21	TOTAL SALES - FRANCHISE AREA	15,288,017	14,624,660	14,021,974	13,769,183	13,318,158
22	RESALE	241,082	248,145	227,382	424,774	513,510
23	TOTAL KILOWATT-HOUR SALES	15,529,099	14,872,805	14,249,356	14,193,957	13,831,668
	CUSTOMERS-AVERAGE PER MONTH:					
24	RESIDENTIAL	872,419	861,011	850,683	840,843	833,164
25	COMMERCIAL AND INDUSTRIAL	95,871	93,228	90,548	88,453	86,687
26	PUBLIC STREET AND HIGHWAY LIGHTING	4,292	4,254	4,225	4,172	4,100
27	OTHER PUBLIC AUTHORITIES	93	105	164	164	165
28	RAILROADS AND RAILWAYS	-	-	-	-	-
29	INTERDEPARTMENTAL	1	1	1	1	1
30	TOTAL ULTIMATE CONSUMERS	972,676	958,598	945,621	933,639	924,117
31	RESALE	4	3	3	3	3
32	TOTAL CUSTOMERS	972,680	958,601	945,624	933,642	924,120
			OPERATING REVENUE RELATIONSHIPS			
	RESIDENTIAL SALES:					
33	AVERAGE ANNUAL BILL PER CUSTOMER	$ 918.08	$ 865.14	$ 903.52	$ 894.49	$ 809.19
34	AVERAGE KWH CONSUMPTION PER CUSTOMER	7,568	7,260	7,018	7,136	7,081
35	AVERAGE REVENUE PER KWH SOLD (CENTS)	12.13	11.92	12.96	12.53	11.43
	COMMERCIAL AND INDUSTRIAL SALES:					
36	AVERAGE ANNUAL BILL PER CUSTOMER	$ 8,862.18	$ 8,628.17	$ 9,328.05	$ 9,004.66	$ 8,006.25
37	AVERAGE KWH CONSUMPTION PER CUSTOMER	83,491	82,730	81,375	80,595	78,409
38	AVERAGE REVENUE PER KWH SOLD (CENTS)	10.61	10.43	11.46	11.17	10.21
			ELECTRIC OPERATION AND MAINTENANCE EXPENSES			
	POWER PRODUCTION EXPENSES:					
	STEAM POWER					
39	FUEL	$ 398,798,851	$ 298,267,171	$ 497,823,276	$ 552,577,713	$ 503,064,680
40	OTHER	59,206,922	64,612,358	41,013,270	35,349,140	40,840,472
41	TOTAL STEAM POWER EXPENSES	458,005,773	362,879,529	538,836,546	587,926,853	543,905,152
	NUCLEAR POWER					
42	FUEL	-	-	-	-	-
43	OTHER	-	-	-	-	-
44	TOTAL NUCLEAR POWER EXPENSES	-	-	-	-	-
	HYDRAULIC POWER					
45	WATER FOR POWER	-	-	-	-	-
46	OTHER	-	-	-	-	-
47	TOTAL HYDRAULIC POWER EXPENSES	-	-	-	-	-
	OTHER POWER GENERATION					
48	FUEL	21,348,753	22,825,337	16,761,116	16,285,582	13,784,155
49	OTHER	8,274,467	8,926,445	5,826,880	5,818,713	5,543,631
50	TOTAL OTHER POWER GENERATION EXPENSE	29,623,220	31,751,782	22,587,996	22,104,295	19,327,786
	OTHER POWER SUPPLY EXPENSES					
51	PURCHASED POWER	83,261,896	134,647,030	113,090,171	122,207,517	127,027,974
52	OTHER	4,103,508	2,155,336	2,074,755	2,058,720	1,607,469
53	TOTAL OTHER POWER SUPPLY EXPENSES	87,365,404	136,802,366	115,164,926	124,266,237	128,635,443
54	TOTAL POWER PRODUCTION EXPENSES	574,994,397	531,433,677	676,589,468	734,297,385	691,868,381
55	TRANSMISSION EXPENSES	20,102,805	18,019,305	13,934,425	11,093,572	14,336,829
56	DISTRIBUTION EXPENSES	57,901,914	50,764,736	39,336,791	36,431,702	40,413,535
57	CUSTOMER ACCOUNTS EXPENSES	31,968,495	29,713,333	29,051,016	27,443,643	29,981,775
58	SALES EXPENSES	13,598,695	8,328,981	1,509,513	4,278,826	7,526,984
59	ADMINISTRATIVE AND GENERAL	77,953,274	71,438,066	53,672,249	60,063,436	66,715,960
60	TOTAL O & M EXPENSES	$ 776,519,580	$ 709,698,088	$ 814,093,467	$ 873,608,364	$ 850,843,264

LONG ISLAND LIGHTING COMPANY
DISTRIBUTION OF ELECTRIC REVENUES FROM ULTIMATE CONSUMERS
YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
REVENUES - ULTIMATE CONSUMERS***	$ 1,703,212,356	$ 1,597,095,683	$ 1,665,201,859	$ 1,588,506,943	$ 1,409,555,076	1
SALES-ULTIMATE CONSUMERS (000 KWH)***	14,671,291	14,018,887	13,796,892	13,576,829	13,139,033	2
	DOLLAR AMOUNTS					
FUEL AND PURCHASED POWER	$ 475,403,709	$ 449,383,146	$ 618,364,862	$ 671,460,009	$ 621,547,694	3
WAGES AND BENEFITS	140,705,085	127,624,036	109,241,943	104,913,375	111,444,770	4
OTHER OPERATION AND MAINTENANCE EXPENSES	129,113,024	123,218,186	76,741,400	76,999,923	94,792,278	5
DEPRECIATION AND AMORTIZATION EXPENSES	74,620,634	77,393,138	75,402,659	62,787,836	55,590,349	6
INCOME TAXES - OPERATING	272,783,689	242,454,942	218,278,070	181,938,234	87,374,656	7
OTHER TAXES - OPERATING	249,804,462	230,269,272	224,126,905	213,457,146	201,630,412	8
*INTEREST CHARGES **	223,247,280	254,446,791	158,520,335	114,775,478	103,545,072	9
*PREFERRED DIVIDENDS **	37,109,458	25,089,914	32,713,765	35,577,455	29,952,811	10
EARNINGS AVAILABLE FOR COMMON EQUITY	100,425,016	67,216,258	151,811,920	126,597,488	103,677,033	11
TOTAL	$ 1,703,212,356	$ 1,597,095,683	$ 1,665,201,859	$ 1,588,506,943	$ 1,409,555,076	12
	PERCENT OF REVENUES - ULTIMATE CONSUMERS					
FUEL AND PURCHASED POWER	27.9	28.1	37.1	42.3	44.1	13
WAGES AND BENEFITS	8.3	8.0	6.6	6.6	7.9	14
OTHER OPERATION AND MAINTENANCE EXPENSES	7.6	7.7	4.6	4.8	6.7	15
DEPRECIATION AND AMORTIZATION EXPENSES	4.4	4.8	4.5	4.0	3.9	16
INCOME TAXES - OPERATING	16.0	15.2	13.1	11.5	6.2	17
OTHER TAXES - OPERATING	14.7	14.4	13.5	13.4	14.3	18
*INTEREST CHARGES **	13.1	15.9	9.5	7.2	7.3	19
*PREFERRED DIVIDENDS **	2.2	1.6	2.0	2.2	2.1	20
EARNINGS AVAILABLE FOR COMMON EQUITY	5.9	4.2	9.1	8.0	7.4	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
	CENTS PER KWH					
FUEL AND PURCHASED POWER	3.24	3.21	4.48	4.95	4.73	23
WAGES AND BENEFITS	0.96	0.91	0.79	0.77	0.85	24
OTHER OPERATION AND MAINTENANCE EXPENSES	0.88	0.88	0.56	0.57	0.72	25
DEPRECIATION AND AMORTIZATION EXPENSES	0.51	0.55	0.55	0.46	0.42	26
INCOME TAXES - OPERATING	1.86	1.73	1.58	1.34	0.67	27
OTHER TAXES - OPERATING	1.70	1.64	1.62	1.57	1.53	28
*INTEREST CHARGES **	1.52	1.82	1.15	0.85	0.79	29
*PREFERRED DIVIDENDS **	0.25	0.18	0.24	0.26	0.23	30
EARNINGS AVAILABLE FOR COMMON EQUITY	0.68	0.48	1.10	0.93	0.79	31
TOTAL	11.61	11.39	12.07	11.70	10.73	32
* STARRED ITEMS ARE ALLOCATED TO ELECTRIC OPERATIONS BASED ON THE RATIO OF NET ELECTRIC PLANT TO NET TOTAL PLANT LESS NET COMMON PLANT AT DECEMBER 31- STATED AS PERCENTS:	95.96	96.02	96.07	95.74	95.21	

** NET OF AFC.

***EXCLUDES SALES FOR RESALE AND "SALES" MADE THROUGH THE NY POWER AUTHORITY OR MUNICIPAL DIST. AGENCIES

NEW YORK STATE ELECTRIC & GAS CORPORATION
COMPARATIVE BALANCE SHEET AND STATEMENT OF ELECTRIC PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO. ITEM	1987	1986	1985	1984	1983
ASSETS AND OTHER DEBITS					
1 ELECTRIC UTILITY PLANT	$ 3,903,758,164	$ 4,227,176,928	$ 3,925,477,016	$ 3,662,914,391	$ 3,250,399,868
2 ACCUM. PROV. FOR DEPR. AND AMORT.	779,732,669	697,798,800	620,151,836	554,134,960	504,171,691
3 NET ELECTRIC UTILITY PLANT	3,124,025,495	3,529,378,128	3,305,325,180	3,108,779,431	2,746,228,177
4 OTHER UTILITY PLANT	276,270,595	243,207,442	227,168,745	207,894,690	191,187,221
5 ACCUM. PROV. FOR DEPR. AND AMORT.	77,463,810	72,942,900	68,133,811	63,773,310	58,946,367
6 NET OTHER UTILITY PLANT	198,806,785	170,264,542	159,034,934	144,121,380	132,240,854
7 TOTAL UTILITY PLANT	4,180,028,759	4,470,384,370	4,152,645,761	3,870,809,081	3,441,587,089
8 ACCUM. PROV. FOR DEPR. AND AMORT.	857,196,479	770,741,700	688,285,647	617,908,270	563,118,058
9 NET TOTAL UTILITY PLANT	3,322,832,280	3,699,642,670	3,464,360,114	3,252,900,811	2,878,469,031
10 NONUTILITY PROPERTY LESS ACCUM. PROV. FOR DEPR. AND AMORT.	2,984,506	3,158,853	3,111,851	3,122,221	3,531,070
11 INVESTMENT IN ASSOCIATED COMPANIES	-	-	-	-	-
12 INVESTMENT IN SUBSIDIARY COMPANIES	5,301,846	212,000	212,000	212,000	212,000
13 OTHER INVESTMENTS	6,740,000	7,790,000	7,790,000	13,890,000	14,140,000
14 SPECIAL FUNDS	272,234	283,818	264,502	272,814	-
15 TOTAL OTHER PROPERTY AND INVESTMENTS	15,298,586	11,444,671	11,378,353	17,497,035	17,883,070
16 CASH	7,099,919-	5,997,464-	5,999,167-	6,892,778-	4,185,394
17 SPECIAL DEPOSITS	3,900,786	4,822,817	13,598,507	70,192,118	10,245,654
18 WORKING FUNDS	1,300,998	1,556,894	5,020,153	809,342	1,841,077
19 TEMPORARY CASH INVESTMENTS	10,600,000	14,600,000	8,500,000	10,300,000	-
20 NOTES & ACCOUNTS RECEIVABLE LESS ACCUM. PROV. FOR UNCOLLECTIBLE ACCOUNTS	186,183,520	125,461,521	116,240,072	114,588,322	93,697,392
21 RECEIVABLES FROM ASSOCIATED COMPANIES	300,929	-	110,786	71,872	63,817
22 MATERIALS AND SUPPLIES	106,736,219	64,845	95,768,725	98,758,149	66,904,705
23 PREPAYMENTS	22,537,667	27,329,912	20,189,966	20,033,847	17,060,955
24 OTHER CURRENT AND ACCRUED ASSETS	955,365	93,967,831	1,119,252	2,934,515	844,021
25 TOTAL CURRENT AND ACCRUED ASSETS	325,415,565	261,806,356	254,548,294	310,795,387	194,843,015
26 UNAMORTIZED DEBT EXPENSE	63,700,414	64,762,184	60,525,650	26,012,922	22,748,892
27 EXTRAORDINARY PROPERTY LOSSES	53,646,350	-	-	-	-
28 PREL. SURVEY & INVESTIGATION CHARGES	4,808,389	3,127,972	1,324,486	2,267,221	2,970,726
29 CLEARING ACCOUNTS	532,869-	127,331-	38,245-	505,507-	799,609
30 DEFERRED LOSSES FROM DISP. OF UTILITY PLANT	-	-	-	-	-
31 RESEARCH AND DEVELOPMENT	1,112,819-	431,679	183,890-	27,393	383,833-
32 ACCUMULATED DEFERRED INCOME TAXES	99,088,425	19,010,984	15,200,967	22,066,677	10,082,060
33 OTHER DEFERRED DEBITS	632,004,086	106,866,434	109,255,294	40,886,294	15,302,676
34 TOTAL DEFERRED DEBITS	851,601,976	194,071,922	186,084,262	90,755,000	51,520,130
35 TOTAL ASSETS AND OTHER DEBITS	$ 4,515,148,408	$ 4,166,965,619	$ 3,916,371,023	$ 3,671,948,233	$ 3,142,715,246
ELECTRIC PLANT IN SERVICE*					
36 INTANGIBLE PLANT	$ 1,499,492	$ 1,499,492	$ 1,499,492	$ 114,934	$ 114,935
PRODUCTION PLANT					
37 STEAM	1,616,120,349	1,575,324,017	1,545,955,100	1,514,351,051	536,860,008
38 NUCLEAR	-	-	-	-	-
39 HYDRAULIC	79,211,136	77,750,531	71,339,711	64,315,199	52,352,408
40 OTHER	819,814	766,472	1,147,946	1,147,946	1,147,946
41 TRANSMISSION PLANT	474,609,939	443,307,680	433,902,753	430,492,569	420,264,669
42 DISTRIBUTION PLANT	932,318,391	879,760,519	833,234,773	778,272,092	736,066,406
43 GENERAL PLANT	35,246,865	36,204,382	35,621,511	35,812,453	37,111,613
44 ELECTRIC PLANT PURCHASED OR SOLD	-	-	-	-	-
45 EXPERIMENTAL ELECTRIC PLT UNCLASSIFIED	-	-	-	-	-
46 NUCLEAR FUEL ASSEMBLIES	-	-	-	-	-
47 TOTAL ELECTRIC PLANT IN SERVICE	3,139,825,986	3,014,613,093	2,922,701,286	2,824,506,244	1,783,917,985
48 PLANT LEASED TO OTHERS	-	-	-	-	-
49 PLANT HELD FOR FUTURE USE	6,130,465	7,954,484	8,655,987	6,272,401	5,942,597
50 CONSTRUCTION WORK IN PROGRESS	757,801,714	1,204,609,351	994,119,743	832,135,746	1,460,539,286
51 PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
52 TOTAL ELECTRIC UTILITY PLANT	3,903,758,164	4,227,176,928	3,925,477,016	3,662,914,391	3,250,399,868
53 ACCUM. PROV. FOR DEPR. AND AMORT.	779,732,669	697,798,800	620,151,836	554,134,960	504,171,691
54 NET ELECTRIC UTILITY PLANT	3,124,025,495	3,529,378,128	3,305,325,180	3,108,779,431	2,746,228,177
PLANT IN SERVICE:					
55 BEGINNING OF YEAR	3,014,613,093	2,922,701,286	2,824,506,244	1,783,917,985	1,646,017,012
56 ADDITIONS	132,809,026	101,720,411	117,365,506	1,053,199,092	153,383,434
57 RETIREMENTS	9,517,012	10,432,549	16,844,389	12,734,415	15,497,724
58 TRANSFERS AND ADJUSTMENTS	1,920,879	623,945	2,326,075-	123,582	15,263
59 END OF YEAR	$ 3,139,825,986	$ 3,014,613,093	$ 2,922,701,286	$ 2,824,506,244	$ 1,783,917,985

*EXCLUDES ALLOCATION OF COMMON PLANT

NEW YORK STATE ELECTRIC & GAS CORPORATION
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
LIABILITIES AND OTHER CREDITS						
COMMON STOCK ISSUED	$ 371,556,568	$ 360,408,069	$ 360,046,582	$ 347,182,736	$ 323,344,778	1
PREFERRED STOCK ISSUED	183,320,000	217,970,000	252,620,000	277,300,000	278,950,000	2
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	3
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	4
PREMIUM ON CAPITAL STOCK	519,217,353	481,803,192	480,349,216	447,719,373	405,471,565	5
OTHER PAID-IN CAPITAL	29,442,626	29,317,079	29,346,985	29,469,981	29,480,279	6
INSTALLMENTS REC'D ON CAPITAL STOCK	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	6,596,717-	7,756,111-	8,173,925-	8,283,296-	8,165,963-	8
RETAINED EARNINGS	192,898,015	534,190,118	469,661,779	418,472,383	352,524,176	9
UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS	-	-	-	-	-	10
REACQUIRED CAPITAL STOCK	-	-	-	-	-	11
TOTAL PROPRIETARY CAPITAL	1,289,837,945	1,615,932,347	1,583,850,637	1,511,861,177	1,382,604,835	12
BONDS (LESS BONDS REACQUIRED)	1,499,509,000	1,434,912,000	1,274,480,000	1,236,134,000	1,060,940,000	13
ADVANCES FROM ASSOCIATED COMPANIES	-	-	-	-	-	14
OTHER LONG-TERM DEBT	552,035,165	483,194,722	481,741,631	404,902,154	222,125,000	15
NET UNAMORTIZED PREMIUM + DISCOUNT	3,619,874-	2,499,583-	1,615,196-	1,952,077-	983,744-	16
TOTAL LONG-TERM DEBT	2,047,924,291	1,915,607,139	1,754,606,435	1,639,084,077	1,282,081,256	17
NOTES PAYABLE	16,000,000	110,600,000	118,300,000	60,100,000	97,750,000	18
ACCOUNTS PAYABLE	60,352,092	61,422,103	75,651,462	104,286,625	131,925,074	19
PAYABLES TO ASSOCIATED COMPANIES	-	-	-	-	-	20
CUSTOMER DEPOSITS	3,812,009	3,534,337	3,339,953	2,846,878	2,488,420	21
TAXES ACCRUED	3,232,516	14,619,413	5,045,133	9,655,766	6,051,953	22
INTEREST ACCRUED	59,403,765	54,878,027	51,949,517	53,418,781	34,989,042	23
DIVIDENDS DECLARED	3,477,228	4,516,359	6,090,191	6,816,190	6,752,066	24
TAX COLLECTIONS PAYABLE	2,655,364	3,955,316	1,909,114	2,669,602	2,200,247	25
OTHER CURRENT AND ACCRUED LIABILITIES	46,221,735	42,646,225	43,357,953	40,811,318	35,126,449	26
TOTAL CURRENT AND ACCRUED LIABILITIES	195,154,709	296,171,780	305,643,323	280,605,160	317,283,251	27
CUSTOMER ADVANCES FOR CONSTRUCTION	5,778,838	5,272,100	5,169,600	4,444,024	1,097,231	28
DEFERRED GAINS FROM DISP. OF UTILITY PLANT	-	-	-	-	-	29
ACCUM. DEFERRED INVESTMENT TAX CREDITS	128,091,401	106,435,942	75,438,060	73,711,247	51,023,498	30
OTHER DEFERRED CREDITS	172,549,535	13,834,649	16,250,546	34,931,067	12,698,774	31
ACCUMULATED DEFERRED INCOME TAXES:						
ACCELERATED AMORTIZATION	997,869	1,664,454	2,129,858	2,662,417	3,264,821	32
LIBERALIZED DEPRECIATION	152,355,761	151,755,947	112,908,540	71,494,811	43,527,821	33
OTHER	522,258,059	60,101,261	60,174,024	52,954,253	48,933,759	34
TOTAL DEFERRED CREDITS	982,031,463	339,064,353	272,070,628	240,197,819	160,545,904	35
PROPERTY INSURANCE RESERVE	-	-	-	-	-	36
INJURIES AND DAMAGE RESERVE	200,000	200,000	200,000	200,000	200,000	37
PENSION AND BENEFITS RESERVE	-	-	-	-	-	38
MISCELLANEOUS OPERATING RESERVES	-	-	-	-	-	39
TOTAL OPERATING RESERVES	200,000	200,000	200,000	200,000	200,000	40
TOTAL LIABILITIES AND OTHER CREDITS	$ 4,515,148,408	$ 4,166,965,619	$ 3,916,371,023	$ 3,671,948,233	$ 3,142,715,246	41
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS / BY CURRENT LIABILITIES	1.67	0.88	0.83	1.11	0.61	42
PERCENT OF CAPITALIZATION:						
LONG-TERM DEBT	61.3	54.2	52.5	52.0	48.1	43
PREFERRED STOCK	5.4	6.1	7.5	8.8	10.4	44
COMMON STOCK AND OTHER PAID-IN CAPITAL	27.3	24.4	25.8	25.8	28.1	45
RETAINED EARNINGS	5.7	15.1	14.0	13.2	13.2	46
LONG-TERM DEBT: % OF GROSS UTILITY PLANT	48.9	42.8	42.2	42.3	37.2	47
ACCUM.PROVISION FOR DEPR.:% OF UTILITY PLT	20.5	17.2	16.5	15.9	16.3	48

NEW YORK STATE ELECTRIC & GAS CORPORATION
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO.	ITEM	1987	1986	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL:					
1	NET INCOME	$ 152,284,756	$ 228,493,677	$ 208,433,165	$ 211,376,094	$ 156,680,060
2	DEPRECIATION AND AMORTIZATION	122,178,476	123,719,744	119,430,354	76,856,339	70,133,001
3	DEFERRED INCOME TAXES (NET)	78,970,194	98,609,243	93,070,230	75,762,859	34,525,323
4	INTEREST CAPITALIZED	85,128,710-	102,003,462-	82,534,289-	104,263,980-	91,641,259-
5	OTHER (NET)	457,996,582	-	-	-	-
6	SUBTOTAL	726,301,298	348,819,202	338,399,460	259,731,312	169,697,125
7	EXTRAORDINARY ITEMS	330,022,139-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	396,279,159	348,819,202	338,399,460	259,731,312	169,697,125
9	LESS DIVIDENDS: PREFERRED	13,661,783	20,103,911	25,225,720	27,370,512	23,466,059
10	COMMON	145,794,183	140,432,734	132,018,049	118,057,375	98,154,667
11	NET FUNDS - INTERNAL SOURCES	236,823,193	188,282,557	181,155,691	114,303,425	48,076,399
	EXTERNAL:					
12	LONG TERM DEBT	165,000,000	275,000,000	408,000,000	374,000,000	164,350,000
13	PREFERRED STOCK	-	-	-	-	45,000,000
14	COMMON STOCK	48,562,760	1,815,461	45,493,854	65,085,766	181,375,755
15	NET INCREASE IN SHORT TERM DEBT	-	-	58,200,000	-	33,750,000
16	OTHER (NET)	-	-	-	-	-
17	TOTAL FUNDS - EXTERNAL SOURCES	213,562,760	276,815,461	511,693,854	439,085,766	424,475,755
	OTHER SOURCES:					
18	NET DECREASE IN WORKING CAPITAL	-	-	23,085,256	-	-
19	OTHER	-	-	-	-	4,048,390
20	TOTAL FUNDS PROVIDED	$ 450,385,953	$ 465,098,018	$ 715,934,801	$ 553,389,191	$ 476,600,544
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES:					
21	ELECTRIC PLANT	$ 260,434,386	$ 325,002,913	$ 323,127,123	$ 438,152,516	$ 517,980,326
22	NUCLEAR PLANT	-	-	-	-	-
23	NUCLEAR FUEL	4,313,328-	2,820,236	6,154,719	2,397,024	5,124,379
24	GAS PLANT	13,924,190	10,689,163	8,453,214	5,937,222	5,269,574
25	LIQUEFIED NATURAL GAS PLANT	-	-	-	-	-
26	STEAM PLANT	-	-	-	-	-
27	NON-UTILITY PLANT	-	-	-	-	-
28	OTHER	-	-	-	-	-
29	TOTAL CONSTRUCTION	270,045,248	338,512,312	337,735,056	446,486,762	528,374,279
30	LESS INTEREST CAPITALIZED	85,128,710	102,003,462	82,534,289	104,263,980	91,641,259
31	TOTAL EXCLUDING INTEREST CAPITALIZED	184,916,538	236,508,850	255,200,767	342,222,782	436,733,020
	RETIREMENT OF SECURITIES:					
32	LONG TERM DEBT	36,453,000	114,568,000	300,754,000	25,056,000	5,571,000
33	PREFERRED STOCK	34,650,000	34,650,000	24,680,000	1,650,000	2,125,000
34	REDEMPTION OF CAPITAL STOCK	4,098,754	3,428,693	-	-	-
35	NET DECREASE IN SHORT TERM DEBT	94,600,000	7,700,000	-	37,650,000	-
36	OTHER (NET)	-	-	-	-	-
37	TOTAL RETIREMENT OF SECURITIES	169,801,754	160,346,693	325,434,000	64,356,000	7,696,000
	OTHER USES:					
38	NET INCREASE IN WORKING CAPITAL	70,026,280	9,029,605	-	114,980,461	15,762,467
39	OTHER	25,641,381	59,212,870	135,300,034	31,829,948	16,409,057
40	TOTAL FUNDS APPLIED	$ 450,385,953	$ 465,098,018	$ 715,934,801	$ 553,389,191	$ 476,600,544

NEW YORK STATE ELECTRIC & GAS CORPORATION
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNING STATEMENTS						
ELECTRIC OPERATING INCOME:						
OPERATING REVENUES	$ 1,136,798,714	$ 1,098,089,257	$ 1,051,578,366	$ 921,248,100	$ 785,723,373	1
OPERATION AND MAINTENANCE EXPENSE	544,057,034	511,562,509	539,946,663	481,848,174	420,708,997	2
DEPRECIATION EXPENSE	95,049,149	93,413,638	92,248,860	60,366,896	52,209,519	3
AMORTIZATION	4,023,964	3,390,518	1,913,919	556,257	466,424	4
TAXES OTHER THAN INCOME TAXES	112,846,404	106,452,354	97,980,257	85,856,035	75,120,302	5
INCOME TAXES	53,347,771	56,734,434	9,278,082	26,858,932	29,413,886	6
PROVISION FOR DEFERRED INCOME TAXES	77,662,126	71,059,647	84,960,774	68,575,704	44,523,163	7
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	18,091,807-	8,536,832-	9,813,642-	15,678,509-	4,827,382-	8
MISC. ADJUSTMENTS OF INCOME TAXES	-	-	-	-	-	9
GAINS FROM DISPOSITION OF UTILITY PLT	226,372-	8,388-	46,744-	213-	9,322-	10
LOSSES FROM DISPOSITION OF UTILITY PLT	1,268,006	17-	3,093	8,346	-	11
TOTAL OPERATING EXPENSES	869,946,275	834,067,863	816,471,263	708,391,632	617,605,587	12
NET OPERATING REVENUES	266,852,439	264,021,394	235,107,103	212,856,468	168,117,786	13
INC. - LEASED PLT & OTHER	-	-	-	-	-	14
ELECTRIC OPERATING INCOME	266,852,439	264,021,394	235,107,103	212,856,468	168,117,786	15
OTHER UTILITY OPERATING INCOME	13,324,336	19,466,644	11,893,156	17,801,067	5,828,027	16
TOTAL UTILITY OPERATING INCOME	280,176,775	283,488,038	247,000,259	230,657,535	173,945,813	17
OTHER INCOME:						
MERCH., JOBBING, & CONTRACT WORK	-	-	-	-	-	18
INCOME FROM NONUTILITY OPERATIONS	-	-	-	-	-	19
NONOPERATING RENTAL INCOME	4,851-	12,724-	20,351-	35,980-	20,040-	20
EQUITY IN EARNINGS OF SUBSIDIARY CO'S	-	-	-	-	-	21
INTEREST AND DIVIDEND INCOME	1,726,584	386,567	652,603	2,827,000	2,097,082	22
ALLOWANCE FOR CONSTRUCTION FUNDS	89,244,506	111,871,903	122,719,138	104,263,980	91,641,259	23
MISCELLANEOUS NONOPERATING INCOME	2,001,920-	2,392,258-	731,889-	22,408,631	426,638-	24
GAIN ON DISPOSITION OF PROPERTY	207,932	502,710	105,201	19,509	17,168	25
TOTAL OTHER INCOME	89,172,251	110,356,198	122,724,702	129,483,140	93,308,831	26
TOTAL INCOME	369,349,026	393,844,236	369,724,961	360,140,675	267,254,644	27
INCOME DEDUCTIONS:						
TAXES OTHER THAN INC. TAXES-NONOPERATING	134,534	128,978	130,728	132,812	130,391	28
INCOME TAXES-NONOPERATING	14,822,178-	32,361,687-	25,596,203-	33,249,000-	26,866,000-	29
LOSS ON DISPOSITION OF PROPERTY	863	19,793	73,717	15,509	25,131	30
MISCELLANEOUS AMORTIZATION	111,714	5,838	1,541	-	-	31
MISCELLANEOUS INCOME DEDUCTIONS	32,284,098	1,695,584	165,762-	11,494,586	749,039	32
TOTAL INCOME DEDUCTIONS	17,709,021	30,511,494-	25,555,979-	21,606,093-	25,961,439-	33
INCOME BEFORE INTEREST CHARGES	351,640,005	424,355,730	395,280,940	381,746,768	293,216,083	34
INTEREST CHARGES:						
INTEREST ON LONG-TERM DEBT	192,297,960	183,841,960	174,584,406	158,720,760	129,651,585	35
AMORT. OF DEBT DISCOUNT & EXPENSE	4,233,677	4,044,126	2,811,458	2,816,707	1,983,164	36
AMORT. OF PREMIUM ON DEBT-CREDIT	51,497-	55,998-	61,598-	68,375-	76,331-	37
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	38
OTHER INTEREST EXPENSE	2,875,109	8,031,965	9,513,509	8,901,582	4,977,605	39
TOTAL INTEREST CHARGES	199,355,249	195,862,053	186,847,775	170,370,674	136,536,023	40
INCOME BEFORE EXTRAORDINARY ITEMS	152,284,756	228,493,677	208,433,165	211,376,094	156,680,060	41
EXTRAORDINARY ITEMS - NET	330,022,139-	-	-	-	-	42
NET INCOME	$ 177,737,383-	$ 228,493,677	$ 208,433,165	$ 211,376,094	$ 156,680,060	43
RETAINED EARNINGS						
BALANCE BEGINNING OF YEAR	$ 534,190,118	$ 469,661,779	$ 418,472,383	$ 352,524,176	$ 317,464,842	44
TRANSFERRED FROM INCOME	177,737,383-	228,493,677	208,433,165	211,376,094	156,680,060	45
APPROPRIATIONS	-	-	-	-	-	46
DIVIDENDS DECLARED-PREFERRED STOCK	13,661,783	20,103,911	25,225,720	27,370,512	23,466,059	47
-COMMON STOCK	145,794,183	140,432,734	132,018,049	118,057,375	98,154,667	48
ADJUSTMENTS	4,098,754-	3,428,693-	-	-	-	49
BALANCE END OF YEAR	192,898,015	534,190,118	469,661,779	418,472,383	352,524,176	50
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	51
UNDISTRIBUTED SUBSIDIARY EARNINGS	-	-	-	-	-	52
TOTAL END OF YEAR	$ 192,898,015	$ 534,190,118	$ 469,661,779	$ 418,472,383	$ 352,524,176	53
SELECTED INCOME ACCOUNT RELATIONSHIPS						
ELECTRIC OPERATING REVENUES:						
% OF TOTAL OPERATING REVENUES	88.1	85.9	84.5	81.5	79.0	54
NET INCOME-PERCENT OF OPERATING REVENUES	13.8*	17.8	16.7	18.7	15.7	55
PRETAX COVERAGE OF INTEREST CHARGES	2.2	2.6	2.4	2.5	2.4	56
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	88.6*	67.3	72.0	64.1	73.6	57
RETURN ON COMMON EQUITY	13.1*	15.2	14.2	15.7	13.3	58

*Ratios shown here are based on what the income would have been before the Nine-Mile 2 Plant write-off. See the Table "NINE-MILE 2 AND OTHER WRITE-OFFS" in the Electric Narrative Section for the impact on Net Income.

NEW YORK STATE ELECTRIC & GAS CORPORATION
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
YEARS ENDING DECEMBER 31

LINE NO.	ITEM	1987	1986	1985	1984	1983
	ELECTRIC OPERATING REVENUES					
	REVENUES:					
1	RESIDENTIAL	$ 483,530,670	$ 457,131,657	$ 401,344,784	$ 369,393,029	$ 335,284,285
2	COMMERCIAL AND INDUSTRIAL	435,222,358	422,618,806	361,742,593	351,434,928	302,544,621
3	PUBLIC STREET AND HIGHWAY LIGHTING	13,861,020	14,083,485	12,545,925	11,427,658	9,979,637
4	OTHER PUBLIC AUTHORITIES	95,280,548	93,437,263	79,183,498	74,553,182	64,337,203
5	RAILROADS AND RAILWAYS	-	-	-	-	-
6	INTERDEPARTMENTAL	1,704,579	1,660,085	1,450,524	1,379,692	1,173,012
7	TOTAL REVENUES - ULTIMATE CONSUMERS	1,029,599,175	988,931,296	856,267,324	808,188,489	713,318,758
8	RESALE	109,452,988	95,707,207	171,072,873	107,209,213	58,238,945
9	TOTAL REVENUES FROM ELECTRIC SALES	1,139,052,163	1,084,638,503	1,027,340,197	915,397,702	771,557,703
10	OTHER ELECTRIC OPERATING REVENUES	2,253,449-	13,450,754	24,238,170	5,850,398	14,165,670
11	TOTAL ELECTRIC OPERATING REVENUES	$ 1,136,798,714	$ 1,098,089,257	$ 1,051,578,367	$ 921,248,100	$ 785,723,373
	KILOWATT-HOUR SALES (THOUSANDS)					
12	RESIDENTIAL	4,905,075	4,790,617	4,615,060	4,574,594	4,398,262
13	COMMERCIAL AND INDUSTRIAL	5,899,985	5,671,145	5,488,575	5,443,392	5,226,423
14	PUBLIC STREET AND HIGHWAY LIGHTING	98,950	100,417	101,327	103,181	104,521
15	OTHER PUBLIC AUTHORITIES	1,250,663	1,223,528	1,179,166	1,144,370	1,106,369
16	RAILROADS AND RAILWAYS	-	-	-	-	-
17	INTERDEPARTMENTAL	21,951	21,289	21,191	21,113	20,089
18	TOTAL SALES TO ULTIMATE CONSUMERS	12,176,624	11,806,995	11,405,319	11,286,649	10,855,663
19	SALES: NY POWER ATH. CUSTOMERS	-	-	-	-	-
20	MUNICIPAL DIST. AGENCY SALES	-	-	-	-	-
21	TOTAL SALES - FRANCHISE AREA	12,176,624	11,806,995	11,405,319	11,286,649	10,855,663
22	RESALE	4,295,358	3,545,197	5,020,598	3,158,107	1,429,338
23	TOTAL KILOWATT-HOUR SALES	16,471,981	15,352,191	16,425,916	14,444,756	12,285,000
	CUSTOMERS-AVERAGE PER MONTH:					
24	RESIDENTIAL	648,024	635,536	624,751	616,053	608,884
25	COMMERCIAL AND INDUSTRIAL	67,233	65,956	64,757	63,476	62,043
26	PUBLIC STREET AND HIGHWAY LIGHTING	568	556	1,036	989	935
27	OTHER PUBLIC AUTHORITIES	9,320	9,188	9,100	8,896	8,790
28	RAILROADS AND RAILWAYS	-	-	-	-	-
29	INTERDEPARTMENTAL	1	-	-	-	-
30	TOTAL ULTIMATE CONSUMERS	725,146	711,236	699,644	689,414	680,652
31	RESALE	9	9	10	10	10
32	TOTAL CUSTOMERS	725,155	711,245	699,654	689,424	680,662
	OPERATING REVENUE RELATIONSHIPS					
	RESIDENTIAL SALES:					
33	AVERAGE ANNUAL BILL PER CUSTOMER	$ 746.16	$ 719.29	$ 642.41	$ 599.61	$ 550.65
34	AVERAGE KWH CONSUMPTION PER CUSTOMER	7,569	7,538	7,387	7,426	7,223
35	AVERAGE REVENUE PER KWH SOLD (CENTS)	9.86	9.54	8.70	8.07	7.62
	COMMERCIAL AND INDUSTRIAL SALES:					
36	AVERAGE ANNUAL BILL PER CUSTOMER	$ 6,473.34	$ 6,407.59	$ 5,586.15	$ 5,536.50	$ 4,876.37
37	AVERAGE KWH CONSUMPTION PER CUSTOMER	87,754	85,984	84,756	85,755	84,239
38	AVERAGE REVENUE PER KWH SOLD (CENTS)	7.38	7.45	6.59	6.46	5.79
	ELECTRIC OPERATION AND MAINTENANCE EXPENSES					
	POWER PRODUCTION EXPENSES:					
	STEAM POWER					
39	FUEL	$ 249,504,387	$ 238,350,597	$ 280,381,787	$ 227,974,926	$ 187,120,490
40	OTHER	77,386,365	76,560,918	69,293,626	54,527,405	46,739,581
41	TOTAL STEAM POWER EXPENSES	326,890,752	314,911,515	349,675,413	282,502,331	233,860,071
	NUCLEAR POWER					
42	FUEL	-	-	-	-	-
43	OTHER	-	-	-	-	-
44	TOTAL NUCLEAR POWER EXPENSES	-	-	-	-	-
	HYDRAULIC POWER					
45	WATER FOR POWER	-	582	100	7,709	513
46	OTHER	1,543,857	1,137,240	1,177,026	933,982	952,731
47	TOTAL HYDRAULIC POWER EXPENSES	1,543,857	1,137,822	1,177,126	941,691	953,244
	OTHER POWER GENERATION					
48	FUEL	4,582	20,072	14,939	23,071	27,449
49	OTHER	45,237	48,322	18,474	32,874	32,173
50	TOTAL OTHER POWER GENERATION EXPENSE	49,819	68,394	33,413	55,945	59,622
	OTHER POWER SUPPLY EXPENSES					
51	PURCHASED POWER	29,638,436	29,302,135	35,984,438	69,205,918	66,574,974
52	OTHER	3,765,497	2,767,174	2,378,778	3,798,621	2,436,007
53	TOTAL OTHER POWER SUPPLY EXPENSES	33,403,933	32,069,309	38,363,216	73,004,539	69,010,981
54	TOTAL POWER PRODUCTION EXPENSES	361,888,361	348,187,040	389,249,168	356,504,506	303,883,918
55	TRANSMISSION EXPENSES	24,313,911	22,438,012	23,450,140	16,093,162	13,381,876
56	DISTRIBUTION EXPENSES	55,673,403	49,522,467	46,119,740	42,494,379	39,111,101
57	CUSTOMER ACCOUNTS EXPENSES	20,224,830	19,324,654	18,332,530	17,895,995	16,663,120
58	SALES EXPENSES	12,067,359	8,928,778	7,054,261	6,188,145	5,255,454
59	ADMINISTRATIVE AND GENERAL	69,879,170	63,161,658	55,740,824	42,670,986	42,413,528
60	TOTAL O & M EXPENSES	$ 544,067,034	$ 511,562,509	$ 539,946,663	$ 481,848,174	$ 420,708,997

NEW YORK STATE ELECTRIC & GAS CORPORATION
DISTRIBUTION OF ELECTRIC REVENUES FROM ULTIMATE CONSUMERS
YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
REVENUES - ULTIMATE CONSUMERS	$ 1,027,345,726	$ 1,002,382,050	$ 880,505,493	$ 814,038,887	$ 727,484,428	1
SALES-ULTIMATE CONSUMERS (000 KWH)	12,176,624	11,806,995	11,405,319	11,286,649	10,855,663	2
DOLLAR AMOUNTS						
FUEL AND PURCHASED POWER	$ 208,136,982	$ 204,031,098	$ 223,926,952	$ 238,875,336	$ 229,300,627	3
WAGES AND BENEFITS	117,485,947	111,250,932	103,901,079	93,369,194	87,142,150	4
OTHER OPERATION AND MAINTENANCE EXPENSES	144,179,959	129,084,590	114,600,071	88,117,382	78,404,761	5
DEPRECIATION AND AMORTIZATION EXPENSES	99,073,113	96,804,156	94,162,779	60,923,163	52,675,943	6
INCOME TAXES - OPERATING	112,918,090	119,257,249	84,425,214	79,756,127	69,109,667	7
OTHER TAXES - OPERATING	112,846,404	106,452,354	97,980,257	85,856,035	75,120,302	8
*INTEREST CHARGES **	163,063,233	123,100,662	116,718,130	102,916,851	79,871,292	9
*PREFERRED DIVIDENDS **	8,672,933	12,879,989	14,618,737	15,839,129	13,061,895	10
EARNINGS AVAILABLE FOR COMMON EQUITY	60,969,065	99,521,020	30,172,273	47,385,670	42,797,791	11
TOTAL	$ 1,027,345,726	$ 1,002,382,050	$ 880,505,493	$ 814,038,887	$ 727,484,428	12
PERCENT OF REVENUES - ULTIMATE CONSUMERS						
FUEL AND PURCHASED POWER	20.3	20.4	25.4	29.3	31.5	13
WAGES AND BENEFITS	11.4	11.1	11.8	11.5	12.0	14
OTHER OPERATION AND MAINTENANCE EXPENSES	14.0	12.9	13.0	10.8	10.8	15
DEPRECIATION AND AMORTIZATION EXPENSES	9.6	9.7	10.7	7.5	7.2	16
INCOME TAXES - OPERATING	11.0	11.9	9.6	9.8	9.5	17
OTHER TAXES - OPERATING	11.0	10.6	11.1	10.5	10.3	18
*INTEREST CHARGES **	15.9	12.3	13.3	12.6	11.0	19
*PREFERRED DIVIDENDS **	0.8	1.3	1.7	2.1	1.8	20
EARNINGS AVAILABLE FOR COMMON EQUITY	5.9	9.9	3.4	5.8	5.9	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
CENTS PER KWH						
FUEL AND PURCHASED POWER	1.71	1.73	1.96	2.12	2.11	23
WAGES AND BENEFITS	0.96	0.94	0.91	0.83	0.80	24
OTHER OPERATION AND MAINTENANCE EXPENSES	1.18	1.09	1.00	0.78	0.72	25
DEPRECIATION AND AMORTIZATION EXPENSES	0.81	0.82	0.83	0.54	0.49	26
INCOME TAXES - OPERATING	0.93	1.01	0.74	0.71	0.64	27
OTHER TAXES - OPERATING	0.93	0.90	0.86	0.76	0.69	28
*INTEREST CHARGES **	1.34	1.04	1.02	0.91	0.74	29
*PREFERRED DIVIDENDS **	0.07	0.11	0.13	0.15	0.12	30
EARNINGS AVAILABLE FOR COMMON EQUITY	0.50	0.84	0.26	0.42	0.39	31
TOTAL	8.44	8.49	7.72	7.21	6.70	32
* STARRED ITEMS ARE ALLOCATED TO ELECTRIC OPERATIONS BASED ON THE RATIO OF NET ELECTRIC PLANT TO NET TOTAL PLANT LESS NET COMMON PLANT AT DECEMBER 31- STATED AS PERCENTS	96.34	96.98	96.96	96.91	96.58	

** NET OF AFC

NIAGARA MOHAWK POWER CORPORATION
COMPARATIVE BALANCE SHEET AND STATEMENT OF ELECTRIC PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO.	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	ELECTRIC UTILITY PLANT	$ 6,878,009,620	$ 7,713,376,743	$ 6,957,787,841	$ 6,226,622,200	$ 5,536,254,012
2	ACCUM. PROV. FOR DEPR. AND AMORT.	1,709,439,863	1,573,615,013	1,453,576,676	1,335,826,651	1,374,422,446
3	NET ELECTRIC UTILITY PLANT	5,168,569,757	6,139,761,730	5,504,211,165	4,890,795,549	4,161,831,566
4	OTHER UTILITY PLANT	739,880,816	696,035,434	648,544,645	644,941,376	579,405,624
5	ACCUM. PROV. FOR DEPR. AND AMORT.	191,457,584	177,146,602	164,071,225	153,700,053	143,364,948
6	NET OTHER UTILITY PLANT	548,423,232	518,888,832	484,473,420	491,241,323	436,040,676
7	TOTAL UTILITY PLANT	7,617,890,436	8,409,412,177	7,606,332,486	6,871,563,576	6,115,659,636
8	ACCUM. PROV. FOR DEPR. AND AMORT.	1,900,897,447	1,750,761,615	1,617,647,901	1,489,526,704	1,517,787,394
9	NET TOTAL UTILITY PLANT	5,716,992,989	6,658,650,562	5,988,684,585	5,382,036,872	4,597,872,242
10	NONUTILITY PROPERTY LESS ACCUM. PROV. FOR DEPR. AND AMORT.	18,686,674	17,730,161	18,643,249	18,347,886	18,719,395
11	INVESTMENT IN ASSOCIATED COMPANIES	-	-	-	330,904	413,763
12	INVESTMENT IN SUBSIDIARY COMPANIES	148,296,567	70,203,915	75,604,561	72,464,080	59,057,390
13	OTHER INVESTMENTS	4,029,602	3,989,400	232,262,189	128,532,635	32,345
14	SPECIAL FUNDS	-	2,238,336	79,916,312	50,402,625	29,769,088
15	TOTAL OTHER PROPERTY AND INVESTMENTS	171,012,843	94,161,812	406,426,311	270,078,130	107,991,981
16	CASH	14,017,958	88,708,497	16,702,160	21,879,023	21,949,845
17	SPECIAL DEPOSITS	364,828	485,682	151,619	150,843	89,148
18	WORKING FUNDS	227,389	3,158,510	23,686,821	1,736,980	6,971,099
19	TEMPORARY CASH INVESTMENTS	8,798,125	78,388,800	246,817	5,271,660	-
20	NOTES & ACCOUNTS RECEIVABLE LESS ACCUM. PROV. FOR UNCOLLECTIBLE ACCOUNTS	293,614,773	281,495,348	279,612,609	275,129,430	273,843,434
21	RECEIVABLES FROM ASSOCIATED COMPANIES	459,773	6,950,469	329,730	287,743	228,666
22	MATERIALS AND SUPPLIES	118,836,510	116,037,376	129,453,709	158,063,828	151,700,407
23	PREPAYMENTS	47,597,597	17,174,875	16,958,242	10,702,056	12,994,119
24	OTHER CURRENT AND ACCRUED ASSETS	10,347,052	5,265,743	7,187,325	8,869,378	4,353,409
25	TOTAL CURRENT AND ACCRUED ASSETS	494,264,005	597,665,300	474,329,032	482,090,941	472,130,127
26	UNAMORTIZED DEBT EXPENSE	124,672,241	100,533,627	64,041,780	52,381,070	21,764,007
27	EXTRAORDINARY PROPERTY LOSSES	9,554,656	953,754-	1,708,789	10,837,942	14,874,848
28	PREL. SURVEY & INVESTIGATION CHARGES	9,262,390	-	-	-	-
29	CLEARING ACCOUNTS	36,039	24,337	24,976	28,844	18,127
30	DEFERRED LOSSES FROM DISP. OF UTILITY PLANT	856,500	-	-	-	-
31	RESEARCH AND DEVELOPMENT	4,421,763-	2,288,729	1,361,617-	1,862,429	5,293,847
32	ACCUMULATED DEFERRED INCOME TAXES	66,000,000	31,610,000	15,674,000	54,178,000	58,919,000
33	OTHER DEFERRED DEBITS	263,246,478	145,409,421	81,169,236	34,100,300	68,112,535
34	TOTAL DEFERRED DEBITS	469,206,541	278,912,360	161,257,164	153,388,585	168,982,364
35	TOTAL ASSETS AND OTHER DEBITS	$ 6,851,476,378	$ 7,629,390,034	$ 7,030,697,092	$ 6,287,594,528	$ 5,346,976,714
	ELECTRIC PLANT IN SERVICE*					
36	INTANGIBLE PLANT	$ 49,366	$ 6,430,941	$ 49,366	$ 49,366	$ 49,366
	PRODUCTION PLANT:					
37	STEAM	1,263,751,607	1,216,234,483	1,178,589,101	1,144,760,008	1,099,000,612
38	NUCLEAR	543,907,744	546,124,002	476,458,346	460,273,353	367,746,133
39	HYDRAULIC	269,889,006	261,917,011	252,909,642	233,261,673	218,382,860
40	OTHER	19,961,733	27,320,903	26,634,643	26,591,848	26,089,296
41	TRANSMISSION PLANT	914,961,795	860,455,194	842,525,407	814,637,530	796,791,074
42	DISTRIBUTION PLANT	1,578,176,899	1,485,789,618	1,409,744,921	1,321,485,379	1,248,629,745
43	GENERAL PLANT	162,351,860	127,753,132	90,208,936	56,227,411	54,283,190
44	ELECTRIC PLANT PURCHASED OR SOLD	-	-	-	-	-
45	EXPERIMENTAL ELECTRIC PLT UNCLASSIFIED	-	-	-	-	-
46	NUCLEAR FUEL ASSEMBLIES	355,624,473	361,618,890	358,759,633	310,199,372	286,657,506
47	TOTAL ELECTRIC PLANT IN SERVICE	5,108,674,483	4,913,644,174	4,635,879,995	4,367,485,940	4,097,629,782
48	PLANT LEASED TO OTHERS	1,804,085	2,434,726	1,108,341	1,108,341	105,000
49	PLANT HELD FOR FUTURE USE	2,718,264	-	-	-	-
50	CONSTRUCTION WORK IN PROGRESS	1,764,812,788	2,797,297,843	2,320,799,505	1,858,027,919	1,438,519,230
51	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
52	TOTAL ELECTRIC UTILITY PLANT	6,878,009,620	7,713,376,743	6,957,787,841	6,226,622,200	5,536,254,012
53	ACCUM. PROV. FOR DEPR. AND AMORT.	1,709,439,863	1,573,615,013	1,453,576,676	1,335,826,651	1,374,422,446
54	NET ELECTRIC UTILITY PLANT	5,168,569,757	6,139,761,730	5,504,211,165	4,890,795,549	4,161,831,566
	PLANT IN SERVICE:					
55	BEGINNING OF YEAR	4,913,644,174	4,635,879,995	4,367,485,940	4,097,629,782	3,837,700,467
56	ADDITIONS	282,657,474	415,819,127	294,485,651	295,517,947	288,899,784
57	RETIREMENTS	28,260,016	25,917,846	26,107,203	21,431,201	19,524,850
58	TRANSFERS AND ADJUSTMENTS	59,367,149-	112,137,102-	15,607	4,230,588-	9,445,619-
59	END OF YEAR	$ 5,108,674,483	$ 4,913,644,174	$ 4,635,879,995	$ 4,367,485,940	$ 4,097,629,782

*EXCLUDES ALLOCATION OF COMMON PLANT

NIAGARA MOHAWK POWER CORPORATION
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
LIABILITIES AND OTHER CREDITS						
COMMON STOCK ISSUED	$ 128,953,424	$ 127,140,994	$ 126,928,340	$ 116,848,974	$ 104,010,003	1
PREFERRED STOCK ISSUED	660,470,025	697,850,000	682,900,000	628,850,000	592,800,000	2
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	3
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	4
PREMIUM ON CAPITAL STOCK	1,237,501,048	1,214,854,083	1,210,463,925	1,035,273,337	858,485,451	5
OTHER PAID-IN CAPITAL	334,222,230	334,222,230	334,222,230	333,744,079	333,744,079	6
INSTALLMENTS REC'D ON CAPITAL STOCK	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	16,569,500-	16,517,769-	14,447,457-	12,970,848-	11,733,534-	8
RETAINED EARNINGS	25,264,179	864,924,625	791,934,619	702,224,603	617,815,582	9
UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS	78,475,170	56,925,932	50,180,588	40,237,078	32,865,388	10
REACQUIRED CAPITAL STOCK	-	-	-	1,349,000-	2,376,000-	11
TOTAL PROPRIETARY CAPITAL	2,448,315,578	3,279,400,095	3,182,182,248	2,842,858,223	2,525,610,969	12
BONDS (LESS BONDS REACQUIRED)	2,073,136,000	2,246,141,000	2,129,751,000	2,069,996,000	1,779,333,000	13
ADVANCES FROM ASSOCIATED COMPANIES	-	-	-	-	-	14
OTHER LONG-TERM DEBT	896,842,853	637,855,304	570,127,872	377,973,035	236,300,000	15
NET UNAMORTIZED PREMIUM + DISCOUNT	293,866	67,143-	1,548,166	1,951,375	1,834,832	16
TOTAL LONG-TERM DEBT	2,970,272,719	2,883,929,161	2,701,427,038	2,449,920,410	2,017,467,832	17
NOTES PAYABLE	50,005,000	100,012,500	5,000,000	51,050,000	80,100,000	18
ACCOUNTS PAYABLE	174,662,177	159,532,569	214,804,895	198,383,636	197,075,539	19
PAYABLES TO ASSOCIATED COMPANIES	2,152,358	2,392,257	2,458,434	2,712,276	1,533,438	20
CUSTOMER DEPOSITS	9,588,132	8,569,771	7,740,695	6,551,721	5,648,481	21
TAXES ACCRUED	15,194,374	7,144,061	6,257,947	22,823,865	12,573,496	22
INTEREST ACCRUED	70,399,429	68,742,863	76,276,750	66,392,373	46,621,639	23
DIVIDENDS DECLARED	-	-	-	769-	-	24
TAX COLLECTIONS PAYABLE	9,768,927	5,946,244	6,112,128	8,287,364	8,670,682	25
OTHER CURRENT AND ACCRUED LIABILITIES	280,246,376	253,980,186	176,232,371	98,827,757	108,562,667	26
TOTAL CURRENT AND ACCRUED LIABILITIES	612,016,773	606,310,431	494,883,178	455,028,213	460,785,941	27
CUSTOMER ADVANCES FOR CONSTRUCTION	-	-	-	-	-	28
DEFERRED GAINS FROM DISP. OF UTILITY PLANT	-	-	-	-	-	29
ACCUM DEFERRED INVESTMENT TAX CREDITS	252,453,000	287,450,000	219,198,000	182,691,000	129,488,000	30
OTHER DEFERRED CREDITS	284,811,917	182,936,347	120,976,631	111,245,682	24,376,972	31
ACCUMULATED DEFERRED INCOME TAXES:						
ACCELERATED AMORTIZATION	2,502,000	3,695,000	4,943,000	6,246,000	7,603,000	32
LIBERALIZED DEPRECIATION	160,099,000	275,052,000	221,263,000	178,265,000	124,391,000	33
OTHER	121,004,393	130,617,000	85,824,000	61,340,000	57,253,000	34
TOTAL DEFERRED CREDITS	820,870,310	869,750,347	652,204,631	539,787,682	343,111,972	35
PROPERTY INSURANCE RESERVE	-	-	-	-	-	36
INJURIES AND DAMAGE RESERVE	-	-	-	-	-	37
PENSION AND BENEFITS RESERVE	-	-	-	-	-	38
MISCELLANEOUS OPERATING RESERVES	-	-	-	-	-	39
TOTAL OPERATING RESERVES	-	-	-	-	-	40
TOTAL LIABILITIES AND OTHER CREDITS	$ 6,851,476,378	$ 7,629,390,034	$ 7,030,697,092	$ 6,287,594,528	$ 5,346,976,714	41
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS / BY CURRENT LIABILITIES	0.81	0.99	0.96	1.06	1.02	42
PERCENT OF CAPITALIZATION:						
LONG-TERM DEBT	54.8	46.7	45.9	46.2	44.4	43
PREFERRED STOCK	12.1	11.3	11.6	11.8	13.0	44
COMMON STOCK AND OTHER PAID-IN CAPITAL	32.5	27.8	29.0	28.5	28.9	45
RETAINED EARNINGS	0.4	14.0	13.4	13.2	13.5	46
LONG-TERM DEBT: % OF GROSS UTILITY PLANT	38.9	34.2	35.5	36.6	32.9	47
ACCUM.PROVISION FOR DEPR.:% OF UTILITY PLT	24.9	20.8	21.2	21.6	24.8	48

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NIAGARA MOHAWK POWER CORPORATION
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM		1987		1986		1985		1984		1983
	SOURCES OF FUNDS										
	INTERNAL										
1	NET INCOME	$	275,786,341	$	397,864,913	$	411,430,034	$	359,733,854	$	312,408,950
2	DEPRECIATION AND AMORTIZATION		156,514,139		154,537,360		149,870,076		140,380,300		126,765,149
3	DEFERRED INCOME TAXES (NET)		148,334,000		133,743,000		141,206,000		116,285,000		80,860,259
4	INTEREST CAPITALIZED		30,878,044-		165,792,933-		187,316,403-		161,496,650-		117,792,939-
5	OTHER (NET)		852,925,212		10,789,745		9,160,215		8,255,386		1,979,757
6	SUBTOTAL		1,402,681,648		531,142,085		524,349,922		463,137,890		404,211,176
7	EXTRAORDINARY ITEMS		833,000,000-		-		-		-		-
8	TOTAL FUNDS - INTERNAL SOURCES		569,681,648		531,142,085		524,349,922		463,137,890		404,211,176
9	LESS DIVIDENDS PREFERRED		52,017,216		53,817,506		59,559,323		51,460,031		42,108,840
10	COMMON		208,880,333		264,312,057		252,217,185		216,493,112		185,642,756
11	NET FUNDS - INTERNAL SOURCES		308,784,099		213,012,522		212,573,414		195,184,747		176,459,780
	EXTERNAL										
12	LONG TERM DEBT		383,987,548		623,432,432		425,480,502		409,713,713		289,900,000
13	PREFERRED STOCK		25,000,000		75,000,000		75,000,000		50,000,000		120,000,000
14	COMMON STOCK		24,459,395		4,602,812		185,269,954		189,626,857		171,289,162
15	NET INCREASE IN SHORT TERM DEBT		-		95,012,500		-		-		-
16	OTHER (NET)		-		-		-		-		-
17	TOTAL FUNDS - EXTERNAL SOURCES		433,446,943		798,047,744		685,750,456		649,340,570		581,189,162
	OTHER SOURCES										
18	NET DECREASE IN WORKING CAPITAL		159,115,137		-		93,666,874		13,331,459		7,976,154
19	OTHER		-		203,144,066		-		-		-
20	TOTAL FUNDS PROVIDED	$	901,346,179	$	1,214,204,332	$	991,990,744	$	857,856,776	$	765,605,096
	USES OF FUNDS										
	CONSTRUCTION EXPENDITURES										
21	ELECTRIC PLANT	$	237,983,088	$	305,052,835	$	231,348,388	$	253,641,518	$	251,443,883
22	NUCLEAR PLANT		139,728,163		404,394,509		485,857,504		466,509,385		375,331,543
23	NUCLEAR FUEL		29,023,670		22,859,236		48,560,262		23,541,886		17,087,867
24	GAS PLANT		39,361,948		39,904,190		20,911,143		41,001,891		31,872,767
25	LIQUEFIED NATURAL GAS PLANT		-		-		-		-		-
26	STEAM PLANT		-		-		-		-		-
27	NON-UTILITY PLANT		-		-		-		-		-
28	OTHER		-		-		-		-		-
29	TOTAL CONSTRUCTION		446,096,869		772,210,750		786,677,297		784,694,640		675,736,060
30	LESS INTEREST CAPITALIZED		30,878,044		165,792,933		187,316,403		161,496,650		117,792,939
31	TOTAL EXCLUDING INTEREST CAPITALIZED		415,218,825		606,417,817		599,360,894		623,197,990		557,943,121
	RETIREMENT OF SECURITIES										
32	LONG TERM DEBT		298,005,000		440,815,000		178,195,000		30,732,000		173,052,000
33	PREFERRED STOCK		62,379,975		60,050,000		19,601,000		12,923,000		12,318,000
34	REDEMPTION OF CAPITAL STOCK		-		-		-		-		-
35	NET DECREASE IN SHORT TERM DEBT		50,007,500		-		46,050,000		29,050,000		11,900,000
36	OTHER (NET)		-		-		-		-		-
37	TOTAL RETIREMENT OF SECURITIES		410,392,475		500,865,000		243,846,000		72,705,000		197,270,000
	OTHER USES										
38	NET INCREASE IN WORKING CAPITAL		-		106,921,515		-		-		-
39	OTHER		75,734,879		-		148,783,850		161,953,786		10,391,975
40	TOTAL FUNDS APPLIED	$	901,346,179	$	1,214,204,332	$	991,990,744	$	857,856,776	$	765,605,096

NIAGARA MOHAWK POWER CORPORATION
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNING STATEMENTS						
ELECTRIC OPERATING INCOME						
OPERATING REVENUES	$ 2,149,942,539	$ 2,110,856,584	$ 2,078,134,522	$ 2,118,464,821	$ 2,008,796,002	1
OPERATION AND MAINTENANCE EXPENSE	1,124,236,691	1,138,046,215	1,194,851,080	1,275,649,838	1,281,930,112	2
DEPRECIATION EXPENSE	141,037,832	136,628,336	126,172,201	116,274,811	104,131,380	3
AMORTIZATION	1,353,065	4,261,186	10,700,389	11,476,124	10,318,508	4
TAXES OTHER THAN INCOME TAXES	257,850,791	243,859,572	228,902,577	217,096,475	206,095,136	5
INCOME TAXES	92,346,000	90,136,458	18,397,156	53,782,074	44,625,867	6
PROVISION FOR DEFERRED INCOME TAXES	118,806,000	144,805,000	156,814,000	117,233,000	90,967,315	7
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	32,568,000-	34,432,000-	18,336,000-	16,886,000-	32,619,556-	8
MISC. ADJUSTMENTS OF INCOME TAXES	-	-	391,239-	1,016,417	3,909,622-	9
GAINS FROM DISPOSITION OF UTILITY PLT.	-	-	-	-	-	10
LOSSES FROM DISPOSITION OF UTILITY PLT	285,500	-	-	-	-	11
TOTAL OPERATING EXPENSES	1,703,347,879	1,723,304,767	1,717,110,164	1,775,642,739	1,701,639,640	12
NET OPERATING REVENUES	446,594,660	387,551,817	361,024,358	342,822,082	307,156,362	13
INC - LEASED PLT. & OTHER	155,689	49,223	46,583	7,189-	-	14
ELECTRIC OPERATING INCOME	446,750,349	387,601,040	361,070,941	342,814,893	307,156,362	15
OTHER UTILITY OPERATING INCOME	32,809,013	48,511,246	43,721,003	44,312,070	42,025,792	16
TOTAL UTILITY OPERATING INCOME	479,559,362	436,112,286	404,791,944	387,126,963	349,182,154	17
OTHER INCOME						
MERCH., JOBBING, & CONTRACT WORK	-	-	-	-	-	18
INCOME FROM NONUTILITY OPERATIONS	-	-	-	-	-	19
NONOPERATING RENTAL INCOME	315,053	232,362	35,537-	129,792-	239,022-	20
EQUITY IN EARNINGS OF SUBSIDIARY CO'S	21,822,343	7,467,736	11,580,528	9,356,690	9,876,212	21
INTEREST AND DIVIDEND INCOME	7,324,995	31,089,611	44,660,643	18,115,060	8,550,048	22
ALLOWANCE FOR CONSTRUCTION FUNDS	30,878,044	165,792,933	187,316,403	161,496,650	117,792,939	23
MISCELLANEOUS NONOPERATING INCOME	4,992,874	3,132,929	2,794,120	1,762,009-	3,221,927	24
GAIN ON DISPOSITION OF PROPERTY	511,317	388,649	661,266	815,351	72,752	25
TOTAL OTHER INCOME	65,844,626	208,104,220	247,177,422	187,891,950	139,274,856	26
TOTAL INCOME	545,403,988	644,216,506	651,969,366	575,018,913	488,457,010	27
INCOME DEDUCTIONS						
TAXES OTHER THAN INC. TAXES-NONOPERATING	893,451	2,567,698	1,201,739	963,295	641,006	28
INCOME TAXES-NONOPERATING	17,622,000-	32,293,000-	26,454,447-	32,621,970-	29,023,373-	29
LOSS ON DISPOSITION OF PROPERTY	226,753	206,615	126,276	75,605	83,985	30
MISCELLANEOUS AMORTIZATION	1,252,674	693,953	427,091	633,411	552,649	31
MISCELLANEOUS INCOME DEDUCTIONS	15,886,151	3,914,752-	2,035,414-	9,161,777	1,924,039	32
TOTAL INCOME DEDUCTIONS	636,929	32,739,486-	26,734,755-	21,787,882-	25,821,694-	33
INCOME BEFORE INTEREST CHARGES	544,767,059	676,955,992	678,704,121	596,806,795	514,278,704	34
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	253,346,586	259,021,784	256,834,343	221,703,684	187,761,814	35
AMORT. OF DEBT DISCOUNT & EXPENSE	11,580,289	5,783,881	4,312,187	3,259,586	2,122,018	36
AMORT. OF PREMIUM ON DEBT-CREDIT	336,087-	345,493-	354,673-	365,659-	380,972-	37
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	1,354,840	-	38
OTHER INTEREST EXPENSE	4,389,928	14,630,907	6,482,230	11,120,490	12,366,894	39
TOTAL INTEREST CHARGES	268,980,718	279,091,079	267,274,087	237,072,941	201,869,754	40
INCOME BEFORE EXTRAORDINARY ITEMS	275,786,341	397,864,913	411,430,034	359,733,854	312,408,950	41
EXTRAORDINARY ITEMS - NET	833,000,000-	-	-	-	-	42
NET INCOME	$ 557,213,659-	$ 397,864,913	$ 411,430,034	$ 359,733,854	$ 312,408,950	43
RETAINED EARNINGS						
BALANCE BEGINNING OF YEAR	$ 864,226,392	$ 791,236,386	$ 701,526,370	$ 617,117,349	$ 563,771,672	44
TRANSFERRED FROM INCOME	578,762,897-	391,119,569	401,486,524	352,362,164	304,457,738	45
APPROPRIATIONS	-	-	-	-	-	46
DIVIDENDS DECLARED-PREFERRED STOCK	52,017,216	53,817,506	59,559,323	51,460,031	42,108,640	47
-COMMON STOCK	208,880,333	264,312,057	252,217,185	216,493,112	185,842,756	48
ADJUSTMENTS	-	-	-	-	23,360,665-	49
BALANCE END OF YEAR	24,565,946	864,226,392	791,236,386	701,526,370	617,117,349	50
APPROPRIATED RETAINED EARNINGS	698,233	698,233	698,233	698,233	698,233	51
UNDISTRIBUTED SUBSIDIARY EARNINGS	78,475,170	56,925,932	50,180,588	40,237,078	32,865,388	52
TOTAL END OF YEAR	$ 103,739,349	$ 921,850,557	$ 842,115,207	$ 742,461,681	$ 650,680,970	53
SELECTED INCOME ACCOUNT RELATIONSHIPS						
ELECTRIC OPERATING REVENUES % OF TOTAL OPERATING REVENUES	82.5	79.9	77.6	76.4	76.7	54
NET INCOME-PERCENT OF OPERATING REVENUES	11.6*	15.0	15.3	12.9	11.9	55
PRETAX COVERAGE OF INTEREST CHARGES	2.7	3.1	3.1	3.1	2.9	56
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	84.0*	76.8	71.6	70.2	68.6	57
RETURN ON COMMON EQUITY	11.4*	13.5	14.9	14.8	14.9	58

*Ratios shown here are based on what the income would have been before the Nine-Mile 2 Plant write-off. See the Table "NINE-MILE 2 AND OTHER WRITE-OFFS" in the Electric Narrative Section for the impact on Net Income.

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NIAGARA MOHAWK POWER CORPORATION
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
YEARS ENDING DECEMBER 31

LINE NO.	ITEM	1987	1986	1985	1984	1983
	ELECTRIC OPERATING REVENUES					
	REVENUES:					
1	RESIDENTIAL	$ 733,525,395	$ 697,030,056	$ 642,859,221	$ 603,117,748	$ 579,605,569
2	COMMERCIAL AND INDUSTRIAL	1,211,675,584	1,208,901,351	1,139,915,009	1,108,345,462	1,094,745,559
3	PUBLIC STREET AND HIGHWAY LIGHTING	40,208,338	40,702,877	38,933,617	37,560,065	36,198,109
4	OTHER PUBLIC AUTHORITIES	119,686	63,482	66,346	63,540	51,881
5	RAILROADS AND RAILWAYS	-	-	-	-	-
6	INTERDEPARTMENTAL	-	-	-	-	-
7	TOTAL REVENUES - ULTIMATE CONSUMERS	1,985,529,003	1,946,697,766	1,821,774,193	1,749,086,815	1,710,601,118
8	RESALE	110,860,657	87,548,476	189,379,468	298,233,751	230,137,798
9	TOTAL REVENUES FROM ELECTRIC SALES	2,096,389,660	2,034,246,244	2,011,153,661	2,047,320,566	1,940,738,916
10	OTHER ELECTRIC OPERATING REVENUES	53,552,879	76,610,340	66,980,861	71,144,255	68,057,086
11	TOTAL ELECTRIC OPERATING REVENUES	$ 2,149,942,539	$ 2,110,856,584	$ 2,078,134,522	$ 2,118,464,821	$ 2,008,796,002
	KILOWATT-HOUR SALES (THOUSANDS):					
12	RESIDENTIAL	9,520,740	9,208,792	8,836,053	8,806,412	8,450,401
13	COMMERCIAL AND INDUSTRIAL	21,433,608	20,935,228	20,573,398	20,720,566	20,034,237
14	PUBLIC STREET AND HIGHWAY LIGHTING	223,427	227,231	232,406	236,539	242,416
15	OTHER PUBLIC AUTHORITIES	7,341	2,395	3,839	4,245	4,202
16	RAILROADS AND RAILWAYS	-	-	-	-	-
17	INTERDEPARTMENTAL	-	-	-	-	-
18	TOTAL SALES TO ULTIMATE CONSUMERS	31,185,116	30,373,645	29,645,696	29,767,762	28,731,256
19	SALES: NY POWER ATH. CUSTOMERS	-	-	-	-	-
20	MUNICIPAL DIST. AGENCY SALES	-	-	-	-	-
21	TOTAL SALES - FRANCHISE AREA	31,185,115	30,373,645	29,645,696	29,767,761	28,731,256
22	RESALE	3,873,536	3,166,004	4,888,562	6,582,846	5,284,959
23	TOTAL KILOWATT-HOUR SALES	35,058,652	33,539,648	34,534,257	36,350,607	34,016,215
	CUSTOMERS-AVERAGE PER MONTH:					
24	RESIDENTIAL	1,294,404	1,276,423	1,259,434	1,244,307	1,230,930
25	COMMERCIAL AND INDUSTRIAL	139,154	137,237	135,678	134,140	132,786
26	PUBLIC STREET AND HIGHWAY LIGHTING	3,141	3,121	3,154	3,128	3,107
27	OTHER PUBLIC AUTHORITIES	4	4	4	3	2
28	RAILROADS AND RAILWAYS	-	-	-	-	-
29	INTERDEPARTMENTAL	-	-	-	-	-
30	TOTAL ULTIMATE CONSUMERS	1,436,703	1,416,785	1,398,270	1,381,578	1,366,825
31	RESALE	151	150	149	144	144
32	TOTAL CUSTOMERS	1,436,854	1,416,935	1,398,419	1,381,722	1,366,969
	OPERATING REVENUE RELATIONSHIPS					
	RESIDENTIAL SALES:					
33	AVERAGE ANNUAL BILL PER CUSTOMER	$ 566.69	$ 546.08	$ 510.44	$ 484.70	$ 470.87
34	AVERAGE KWH CONSUMPTION PER CUSTOMER	7,355	7,215	7,016	7,077	6,865
35	AVERAGE REVENUE PER KWH SOLD (CENTS)	7.70	7.57	7.28	6.85	6.86
	COMMERCIAL AND INDUSTRIAL SALES:					
36	AVERAGE ANNUAL BILL PER CUSTOMER	$ 8,707.44	$ 8,808.86	$ 8,401.62	$ 8,262.60	$ 8,244.44
37	AVERAGE KWH CONSUMPTION PER CUSTOMER	154,028	152,548	151,634	154,470	150,876
38	AVERAGE REVENUE PER KWH SOLD (CENTS)	5.65	5.77	5.54	5.35	5.46
	ELECTRIC OPERATION AND MAINTENANCE EXPENSES					
	POWER PRODUCTION EXPENSES:					
	STEAM POWER					
39	FUEL	$ 303,514,142	$ 297,890,145	$ 359,491,301	$ 453,460,338	$ 485,712,316
40	OTHER	57,249,635	56,836,945	57,301,174	52,459,527	51,526,211
41	TOTAL STEAM POWER EXPENSES	360,763,777	354,727,090	416,792,475	505,919,865	537,238,527
	NUCLEAR POWER					
42	FUEL	31,312,240	21,156,402	30,498,752	21,361,083	14,744,660
43	OTHER	14,313,045	19,693,118	17,567,344	26,788,221	25,516,870
44	TOTAL NUCLEAR POWER EXPENSES	45,625,285	40,849,520	48,066,096	48,149,304	40,261,530
	HYDRAULIC POWER					
45	WATER FOR POWER	2,019,741	2,109,678	1,517,694	1,422,106	1,334,340
46	OTHER	7,275,819	10,009,369	10,783,574	11,066,899	10,710,946
47	TOTAL HYDRAULIC POWER EXPENSES	9,295,560	12,119,047	12,301,268	12,489,005	12,045,286
	OTHER POWER GENERATION					
48	FUEL	861,797	813,924	1,406,192	1,269,264	888,198
49	OTHER	605,954	893,029	458,904	802,267	1,227,799
50	TOTAL OTHER POWER GENERATION EXPENSE	1,467,751	1,706,953	1,865,096	2,071,531	2,115,997
	OTHER POWER SUPPLY EXPENSES					
51	PURCHASED POWER	327,521,733	351,451,883	371,895,818	384,664,117	390,614,392
52	OTHER	4,378,059	3,850,264	2,823,926	2,344,049	2,730,637
53	TOTAL OTHER POWER SUPPLY EXPENSES	331,899,792	355,302,147	374,719,744	387,008,166	393,345,029
54	TOTAL POWER PRODUCTION EXPENSES	749,052,165	764,704,757	853,744,679	955,637,871	985,006,369
55	TRANSMISSION EXPENSES	34,891,900	27,979,253	25,718,521	24,109,362	19,780,048
56	DISTRIBUTION EXPENSES	99,959,503	98,863,101	93,844,397	88,213,303	93,264,365
57	CUSTOMER ACCOUNTS EXPENSES	42,572,186	41,664,521	37,637,078	37,052,686	35,509,753
58	SALES EXPENSES	10,122,706	11,987,029	9,659,653	8,455,680	6,586,652
59	ADMINISTRATIVE AND GENERAL	187,638,231	192,847,554	174,246,752	162,180,936	141,782,925
60	TOTAL O & M EXPENSES	$ 1,124,236,691	$ 1,138,046,215	$ 1,194,851,080	$ 1,275,649,838	$ 1,281,930,112

NIAGARA MOHAWK POWER CORPORATION
DISTRIBUTION OF ELECTRIC REVENUES FROM ULTIMATE CONSUMERS
YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
REVENUES - ULTIMATE CONSUMERS	$ 2,039,081,882	$ 2,023,308,106	$ 1,888,755,054	$ 1,820,231,070	$ 1,778,658,204	1
SALES-ULTIMATE CONSUMERS (000 KWH)	31,185,115	30,373,645	29,645,696	29,767,761	28,731,256	2
DOLLAR AMOUNTS						
FUEL AND PURCHASED POWER	$ 576,835,069	$ 596,765,463	$ 614,686,907	$ 642,158,460	$ 720,171,202	3
WAGES AND BENEFITS	289,996,337	276,974,369	261,541,671	251,718,671	235,833,193	4
OTHER OPERATION AND MAINTENANCE EXPENSES	165,266,976	184,434,588	163,564,507	155,178,603	147,518,055	5
DEPRECIATION AND AMORTIZATION EXPENSES	142,390,897	140,889,522	136,872,590	127,750,935	114,449,888	6
INCOME TAXES - OPERATING	178,584,000	200,509,458	156,483,917	155,145,491	99,164,504	7
OTHER TAXES - OPERATING	257,850,791	243,859,572	228,902,577	217,096,475	206,095,136	8
*INTEREST CHARGES **	239,980,495	176,257,393	159,619,063	144,371,073	125,900,973	9
*PREFERRED DIVIDENDS **	46,109,909	33,700,437	34,711,312	29,993,212	26,988,218	10
EARNINGS AVAILABLE FOR COMMON EQUITY	142,067,408	169,917,303	132,372,510	96,818,150	102,537,035	11
TOTAL	$ 2,039,081,882	$ 2,023,308,106	$ 1,888,755,054	$ 1,820,231,070	$ 1,778,658,204	12
PERCENT OF REVENUES - ULTIMATE CONSUMERS						
FUEL AND PURCHASED POWER	28.3	29.5	32.5	35.3	40.5	13
WAGES AND BENEFITS	14.2	13.7	13.8	13.8	13.3	14
OTHER OPERATION AND MAINTENANCE EXPENSES	8.1	9.1	8.7	8.5	8.3	15
DEPRECIATION AND AMORTIZATION EXPENSES	7.0	7.0	7.2	7.0	6.4	16
INCOME TAXES - OPERATING	8.8	9.9	8.3	8.5	5.6	17
OTHER TAXES - OPERATING	12.6	12.1	12.1	11.9	11.6	18
*INTEREST CHARGES **	11.8	8.7	8.5	7.9	7.1	19
*PREFERRED DIVIDENDS **	2.3	1.7	1.8	1.6	1.5	20
EARNINGS AVAILABLE FOR COMMON EQUITY	7.0	8.4	7.0	5.3	5.8	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
CENTS PER KWH						
FUEL AND PURCHASED POWER	1.85	1.96	2.07	2.16	2.51	23
WAGES AND BENEFITS	0.93	0.91	0.88	0.85	0.82	24
OTHER OPERATION AND MAINTENANCE EXPENSES	0.53	0.61	0.55	0.52	0.51	25
DEPRECIATION AND AMORTIZATION EXPENSES	0.46	0.46	0.46	0.43	0.40	26
INCOME TAXES - OPERATING	0.57	0.66	0.53	0.52	0.35	27
OTHER TAXES - OPERATING	0.83	0.80	0.77	0.73	0.72	28
*INTEREST CHARGES **	0.77	0.58	0.54	0.48	0.44	29
*PREFERRED DIVIDENDS **	0.15	0.11	0.12	0.10	0.09	30
EARNINGS AVAILABLE FOR COMMON EQUITY	0.46	0.56	0.45	0.33	0.36	31
TOTAL	6.54	6.66	6.37	6.11	6.19	32
* STARRED ITEMS ARE ALLOCATED TO ELECTRIC OPERATIONS BASED ON THE RATIO OF NET ELECTRIC PLANT TO NET TOTAL PLANT LESS NET COMMON PLANT AT DECEMBER 31- STATED AS PERCENTS.	92.29	93.74	93.42	92.92	92.06	

** NET OF AFC.

ORANGE AND ROCKLAND UTILITIES, INC.
COMPARATIVE BALANCE SHEET AND STATEMENT OF ELECTRIC PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO.	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	ELECTRIC UTILITY PLANT	$ 654,178,608	$ 582,096,182	$ 515,945,973	$ 488,607,482	$ 459,201,677
2	ACCUM. PROV. FOR DEPR. AND AMORT.	179,721,418	169,811,223	163,065,039	151,812,663	139,216,653
3	NET ELECTRIC UTILITY PLANT	474,457,191	412,284,959	352,880,934	336,794,819	319,985,024
4	OTHER UTILITY PLANT	170,607,906	160,341,540	141,784,799	129,721,378	128,004,776
5	ACCUM. PROV. FOR DEPR. AND AMORT.	54,493,867	48,681,323	42,051,455	36,332,841	30,765,828
6	NET OTHER UTILITY PLANT	116,114,038	111,660,217	99,733,344	93,388,537	97,238,948
7	TOTAL UTILITY PLANT	824,786,514	742,437,722	657,730,772	618,328,860	587,206,453
8	ACCUM. PROV. FOR DEPR. AND AMORT.	234,215,285	218,492,546	205,116,494	188,145,504	169,982,481
9	NET TOTAL UTILITY PLANT	590,571,229	523,945,176	452,614,278	430,183,356	417,223,972
10	NONUTILITY PROPERTY LESS ACCUM. PROV FOR DEPR. AND AMORT.	106,818	72,733	83,506	91,038	79,279
11	INVESTMENT IN ASSOCIATED COMPANIES	-	-	-	-	-
12	INVESTMENT IN SUBSIDIARY COMPANIES	69,081,866	66,140,629	61,225,798	55,283,544	54,491,112
13	OTHER INVESTMENTS	1	1	1	1	1
14	SPECIAL FUNDS	-	-	-	-	-
15	TOTAL OTHER PROPERTY AND INVESTMENTS	69,188,685	66,213,363	61,309,305	55,374,583	54,570,392
16	CASH	1,661,693	7,920,155	4,823,254	2,301,871	993,950
17	SPECIAL DEPOSITS	735,072	666,622	568,228	259,653	177,653
18	WORKING FUNDS	90,649	205,936	104,852	39,214	69,289
19	TEMPORARY CASH INVESTMENTS	552,000	-	-	8,970,161	-
20	NOTES & ACCOUNTS RECEIVABLE LESS ACCUM. PROV. FOR UNCOLLECTIBLE ACCOUNTS	28,500,531	30,773,098	34,982,563	37,984,297	37,725,767
21	RECEIVABLES FROM ASSOCIATED COMPANIES	13,584,297	8,965,971	7,764,500	8,531,675	7,395,243
22	MATERIALS AND SUPPLIES	16,484,098	14,353,966	17,662,295	18,773,090	14,079,489
23	PREPAYMENTS	19,296,147	16,391,992	14,062,863	13,484,305	12,921,909
24	OTHER CURRENT AND ACCRUED ASSETS	33,656,818	31,677,415	38,772,440	30,320,059	25,816,420
25	TOTAL CURRENT AND ACCRUED ASSETS	114,561,305	110,955,154	118,740,996	120,664,325	99,179,720
26	UNAMORTIZED DEBT EXPENSE	4,292,[illegible]38	4,494,870	4,686,684	3,408,082	2,129,365
27	EXTRAORDINARY PROPERTY LOSSES	31,511,869	33,821,591	34,850,943	36,685,577	38,544,953
28	PREL. SURVEY & INVESTIGATION CHARGES	255,[illegible]97	186,947	546,860	682,637	600,246
29	CLEARING ACCOUNTS	-	-	1,718	-	84
30	DEFERRED LOSSES FROM DISP. OF UTILITY PLANT	-	-	-	-	-
31	RESEARCH AND DEVELOPMENT	1,456,411	14,152	290,191-	556,936-	77,418-
32	ACCUMULATED DEFERRED INCOME TAXES	3,580,419	2,368,323	1,148,149	526,738	257,842
33	OTHER DEFERRED DEBITS	17,179,009	6,603,062	12,567,184	13,778,170	18,332,854
34	TOTAL DEFERRED DEBITS	58,285,753	47,488,945	53,511,347	54,524,268	59,787,926
35	TOTAL ASSETS AND OTHER DEBITS	$ 832,606,972	$ 748,602,638	$ 686,175,926	$ 660,746,532	$ 630,762,010
	ELECTRIC PLANT IN SERVICE*					
36	INTANGIBLE PLANT	$ 20,657	$ 20,657	$ 20,657	$ 20,657	$ 20,657
	PRODUCTION PLANT:					
37	STEAM	309,504,416	177,684,067	177,735,879	172,836,846	171,975,632
38	NUCLEAR	-	-	-	-	-
39	HYDRAULIC	25,006,521	13,093,315	12,969,644	12,961,983	12,839,162
40	OTHER	4,788,762	5,090,997	5,346,765	5,583,243	1,335,316
41	TRANSMISSION PLANT	90,629,132	87,363,387	87,386,193	86,372,372	86,129,765
42	DISTRIBUTION PLANT	185,643,123	176,027,663	166,069,973	158,321,209	152,168,560
43	GENERAL PLANT	21,771,902	20,930,557	30,164,964	28,995,593	17,380,991
44	ELECTRIC PLANT PURCHASED OR SOLD	-	-	-	-	-
45	EXPERIMENTAL ELECTRIC PLT UNCLASSIFIED	-	-	-	-	-
46	NUCLEAR FUEL ASSEMBLIES	-	-	-	-	-
47	TOTAL ELECTRIC PLANT IN SERVICE	637,364,513	480,210,643	479,694,075	465,091,903	441,850,083
48	PLANT LEASED TO OTHERS	-	-	-	-	-
49	PLANT HELD FOR FUTURE USE	3,683,163	4,240,215	4,240,215	4,240,215	4,553,155
50	CONSTRUCTION WORK IN PROGRESS	13,130,932	97,645,324	32,011,683	19,275,364	12,798,439
51	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
52	TOTAL ELECTRIC UTILITY PLANT	654,178,608	582,096,182	515,945,973	488,607,482	459,201,677
53	ACCUM. PROV. FOR DEPR. AND AMORT.	179,721,418	169,811,223	163,065,039	151,812,663	139,216,653
54	NET ELECTRIC UTILITY PLANT	474,457,191	412,284,959	352,880,934	336,794,819	319,985,024
	PLANT IN SERVICE:					
55	BEGINNING OF YEAR	480,210,643	479,694,075	465,091,903	441,850,083	433,760,926
56	ADDITIONS	161,732,094	16,895,475	17,197,713	24,934,721	10,020,407
57	RETIREMENTS	4,547,920	6,118,469	2,585,657	1,608,433	1,714,748
58	TRANSFERS AND ADJUSTMENTS	30,304-	10,260,438-	9,884-	84,468-	216,502-
59	END OF YEAR	$ 637,364,513	$ 480,210,643	$ 479,694,075	$ 465,091,903	$ 441,850,083

*EXCLUDES ALLOCATION OF COMMON PLANT

ORANGE AND ROCKLAND UTILITIES, INC.
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

LIABILITIES AND OTHER CREDITS

ITEM	1987	1986	1985	1984	1983	LINE NO.
COMMON STOCK ISSUED	$ 63,153,630	$ 63,146,955	$ 63,130,810	$ 63,112,095	$ 61,525,110	1
PREFERRED STOCK ISSUED	57,451,333	58,865,744	60,322,164	61,790,087	61,823,492	2
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	3
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	4
PREMIUM ON CAPITAL STOCK	105,883,079	105,860,383	105,806,315	105,743,632	100,633,816	5
OTHER PAID-IN CAPITAL	-	-	-	-	-	6
INSTALLMENTS REC'D ON CAPITAL STOCK	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	5,825,566-	5,826,406-	5,848,720-	5,804,508-	5,748,418-	8
RETAINED EARNINGS	77,554,565	71,319,465	66,807,220	64,858,456	55,842,734	9
UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS	42,856,785	39,915,548	35,000,717	30,960,464	30,168,132	10
REACQUIRED CAPITAL STOCK	-	-	-	-	-	11
TOTAL PROPRIETARY CAPITAL	341,073,826	333,281,689	325,218,506	320,660,226	304,244,866	12
BONDS (LESS BONDS REACQUIRED)	170,000,000	170,000,000	170,000,000	170,000,000	170,000,000	13
ADVANCES FROM ASSOCIATED COMPANIES	-	-	-	-	-	14
OTHER LONG-TERM DEBT	102,504,593	59,867,807	25,057,702	16,926,290	6,237,125	15
NET UNAMORTIZED PREMIUM + DISCOUNT	315,010-	300,419-	285,827-	39,940	591,726	16
TOTAL LONG-TERM DEBT	272,189,583	229,567,388	194,771,875	186,966,230	176,828,851	17
NOTES PAYABLE	36,500,000	22,000,000	4,500,000	-	11,500,000	18
ACCOUNTS PAYABLE	44,380,066	45,508,262	42,739,124	42,297,507	31,919,090	19
PAYABLES TO ASSOCIATED COMPANIES	1,483,078	1,020,625	312,179	763,151	421,401	20
CUSTOMER DEPOSITS	2,454,455	2,127,738	2,054,542	1,914,025	1,837,682	21
TAXES ACCRUED	2,932,961	3,656,481	3,173,533	3,396,856	17,422,533	22
INTEREST ACCRUED	6,501,144	3,310,015	5,006,474	4,989,859	5,431,863	23
DIVIDENDS DECLARED	918,246	1,058,902	1,002,799	1,002,799	1,002,799	24
TAX COLLECTIONS PAYABLE	321,239	351,355	332,310	275,987	271,643	25
OTHER CURRENT AND ACCRUED LIABILITIES	22,926,079	18,967,156	19,035,353	16,197,309	16,073,813	26
TOTAL CURRENT AND ACCRUED LIABILITIES	118,417,258	98,000,534	78,156,314	70,836,493	85,880,824	27
CUSTOMER ADVANCES FOR CONSTRUCTION	863,519	838,316	765,943	671,478	541,252	28
DEFERRED GAINS FROM DISP. OF UTILITY PLANT	-	-	-	-	-	29
ACCUM. DEFERRED INVESTMENT TAX CREDITS	21,164,288	20,588,775	15,784,513	13,091,388	11,418,396	30
OTHER DEFERRED CREDITS	9,141,503	4,005,861	11,366,288	11,851,743	5,296,537	31
ACCUMULATED DEFERRED INCOME TAXES:						
ACCELERATED AMORTIZATION	3,293,429	1,154,977	1,067,326	988,273	1,106,521	32
LIBERALIZED DEPRECIATION	45,143,500	39,524,500	34,136,101	28,487,700	23,672,900	33
OTHER	18,479,800	18,519,926	22,693,658	24,867,201	18,493,689	34
TOTAL DEFERRED CREDITS	98,076,039	84,632,355	85,802,829	79,967,783	61,828,295	35
PROPERTY INSURANCE RESERVE	445,921	445,921	445,921	484,474	484,474	36
INJURIES AND DAMAGE RESERVE	2,388,506	2,413,703	1,553,326	1,713,628	1,787,990	37
PENSION AND BENEFITS RESERVE	-	-	-	-	-	38
MISCELLANEOUS OPERATING RESERVES	15,829	261,048	227,155	127,698	6,710	39
TOTAL OPERATING RESERVES	2,850,256	3,120,672	2,226,402	2,325,800	2,279,174	40
TOTAL LIABILITIES AND OTHER CREDITS	$ 832,606,972	$ 748,602,638	$ 686,175,926	$ 660,746,532	$ 630,762,010	41

SELECTED BALANCE SHEET RELATIONSHIPS

ITEM	1987	1986	1985	1984	1983	LINE NO.
CURRENT ASSETS / BY CURRENT LIABILITIES	0.97	1.13	1.52	1.70	1.16	42
PERCENT OF CAPITALIZATION:						
LONG-TERM DEBT	44.3	40.7	37.4	36.8	36.7	43
PREFERRED STOCK	9.3	10.4	11.6	12.1	12.8	44
COMMON STOCK AND OTHER PAID-IN CAPITAL	33.6	36.0	38.0	38.2	38.7	45
RETAINED EARNINGS	12.6	12.5	12.8	12.7	11.6	46
LONG-TERM DEBT: % OF GROSS UTILITY PLANT	33.0	30.9	29.6	30.2	30.1	47
ACCUM.PROVISION FOR DEPR. % OF UTILITY PLT	28.3	29.4	31.1	30.4	28.9	48

ORANGE AND ROCKLAND UTILITIES, INC.
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO.	ITEM	1987	1986	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL:					
1	NET INCOME	$ 40,904,284	$ 40,984,517	$ 39,757,300	$ 38,718,891	$ 36,101,547
2	DEPRECIATION AND AMORTIZATION	21,124,165	21,022,286	19,817,904	19,898,524	17,959,835
3	DEFERRED INCOME TAXES (NET)	7,080,723	4,886,408	5,625,625	12,474,160	3,406,349
4	INTEREST CAPITALIZED	7,370,686-	9,351,230-	1,643,130-	3,389,108-	2,698,415-
5	OTHER (NET)	6,526,649	6,434,837	4,865,769	5,408,828	3,102,332
6	SUBTOTAL	68,265,135	63,976,818	68,423,468	73,111,295	57,871,648
7	EXTRAORDINARY ITEMS	-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	68,265,135	63,976,818	68,423,468	73,111,295	57,871,648
9	LESS DIVIDENDS: PREFERRED	3,941,363	4,281,253	4,284,360	4,287,709	4,290,048
10	COMMON	27,786,584	27,276,188	26,386,024	24,623,128	22,282,205
11	NET FUNDS - INTERNAL SOURCES	36,537,188	32,419,377	37,753,084	44,200,458	31,299,395
	EXTERNAL:					
12	LONG TERM DEBT	43,310,576	35,863,177	8,808,554	11,043,738	913,613
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	29,371	70,213	81,398	6,696,801	9,883,051
15	NET INCREASE IN SHORT TERM DEBT	14,500,000	17,500,000	4,500,000	-	-
16	OTHER (NET)	-	-	-	-	-
17	TOTAL FUNDS - EXTERNAL SOURCES	57,839,947	53,433,390	13,389,952	17,740,539	10,796,664
	OTHER SOURCES:					
18	NET DECREASE IN WORKING CAPITAL	2,310,583	10,130,062	4,743,150	-	371,882
19	OTHER	-	-	-	5,336,411	-
20	TOTAL FUNDS PROVIDED	$ 96,687,718	$ 95,982,829	$ 55,886,186	$ 67,277,408	$ 42,467,941
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES:					
21	ELECTRIC PLANT	$ 77,381,790	$ 82,529,116	$ 29,934,032	$ 31,411,646	$ 12,134,576
22	NUCLEAR PLANT	-	-	-	-	-
23	NUCLEAR FUEL	-	-	-	-	-
24	GAS PLANT	7,850,612	8,572,110	9,584,211	6,770,393	4,259,737
25	LIQUEFIED NATURAL GAS PLANT	-	-	-	-	-
26	STEAM PLANT	-	-	-	-	-
27	NON-UTILITY PLANT	54,589	18,028	17,951	34,625	-
28	OTHER	3,141,662	2,499,775	3,291,742	4,467,062-	6,898,073
29	TOTAL CONSTRUCTION	88,428,653	93,619,029	42,827,936	33,749,602	23,292,386
30	LESS INTEREST CAPITALIZED	7,370,686	9,351,230	1,643,130	3,389,108	2,698,415
31	TOTAL EXCLUDING INTEREST CAPITALIZED	81,057,967	84,267,799	41,184,806	30,360,494	20,593,971
	RETIREMENT OF SECURITIES:					
32	LONG TERM DEBT	673,790	1,053,072	677,142	354,573	8,018,168
33	PREFERRED STOCK	1,414,411	1,456,420	1,467,923	33,405	87,570
34	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
35	NET DECREASE IN SHORT TERM DEBT	-	-	-	11,500,000	2,500,000
36	OTHER (NET)	-	-	-	-	-
37	TOTAL RETIREMENT OF SECURITIES	2,088,201	2,509,492	2,145,065	11,887,978	10,605,738
	OTHER USES:					
38	NET INCREASE IN WORKING CAPITAL	-	-	-	25,028,936	-
39	OTHER	13,541,550	9,205,538	12,556,315	-	11,268,232
40	TOTAL FUNDS APPLIED	$ 96,687,718	$ 95,982,829	$ 55,886,186	$ 67,277,408	$ 42,467,941

ORANGE AND ROCKLAND UTILITIES, INC.
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
COMPARATIVE INCOME AND RETAINED EARNING STATEMENTS						
ELECTRIC OPERATING INCOME:						
OPERATING REVENUES	$ 304,238,556	$ 296,927,398	$ 338,114,859	$ 357,783,591	$ 334,772,906	1
OPERATION AND MAINTENANCE EXPENSE	178,519,666	178,610,525	216,896,606	237,367,776	224,316,788	2
DEPRECIATION EXPENSE	15,713,673	14,408,891	14,344,136	14,116,483	13,517,752	3
AMORTIZATION	2,492,377	2,041,112	2,092,812	2,083,508	2,094,433	4
TAXES OTHER THAN INCOME TAXES	40,622,195	38,800,636	37,861,733	37,246,266	33,179,653	5
INCOME TAXES	13,047,882	20,080,731	23,401,430	19,578,585	18,971,548	6
PROVISION FOR DEFERRED INCOME TAXES	10,770,220	7,435,006	6,176,989	10,417,650	8,153,734	7
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	3,357,543-	4,683,313-	3,933,407-	4,597,788-	4,768,743-	8
MISC. ADJUSTMENTS OF INCOME TAXES	-	-	-	-	-	9
GAINS FROM DISPOSITION OF UTILITY PLT	-	-	-	-	-	10
LOSSES FROM DISPOSITION OF UTILITY PLT	-	-	-	-	-	11
TOTAL OPERATING EXPENSES	257,808,470	256,693,588	296,840,299	316,212,480	295,465,165	12
NET OPERATING REVENUES	46,430,086	40,233,810	41,274,560	41,571,111	39,307,741	13
INC.- LEASED PLT. & OTHER	-	-	-	-	-	14
ELECTRIC OPERATING INCOME	46,430,086	40,233,810	41,274,560	41,571,111	39,307,741	15
OTHER UTILITY OPERATING INCOME	7,111,904	6,110,206	6,769,699	7,913,952	6,118,124	16
TOTAL UTILITY OPERATING INCOME	53,541,990	46,344,016	48,044,259	49,485,063	45,425,865	17
OTHER INCOME:						
MERCH., JOBBING, & CONTRACT WORK	-	-	-	-	-	18
INCOME FROM NONUTILITY OPERATIONS	-	-	-	-	-	19
NONOPERATING RENTAL INCOME	1,071	302	11,619-	649	1,302-	20
EQUITY IN EARNINGS OF SUBSIDIARY CO'S.	2,941,237	4,914,831	4,040,253	1,576,332	4,463,012	21
INTEREST AND DIVIDEND INCOME	1,655,161	272,190	669,188	698,881	2,164,583	22
ALLOWANCE FOR CONSTRUCTION FUNDS	5,983,270	9,351,230	1,643,130	3,389,108	2,698,415	23
MISCELLANEOUS NONOPERATING INCOME	95,317-	175,483-	170,186-	90,622-	169,783-	24
GAIN ON DISPOSITION OF PROPERTY	1	132,645	204,834	20,710	58,134	25
TOTAL OTHER INCOME	10,485,423	14,495,715	6,375,600	5,595,058	9,213,059	26
TOTAL INCOME	64,027,413	60,839,731	54,419,859	55,080,121	54,638,924	27
INCOME DEDUCTIONS:						
TAXES OTHER THAN INC. TAXES-NONOPERATING	38,819	34,927	36,066	29,249	24,487	28
INCOME TAXES-NONOPERATING	2,711,640-	2,832,867-	1,434,944-	2,893,783-	676,475-	29
LOSS ON DISPOSITION OF PROPERTY	5,893	530	43	-	875	30
MISCELLANEOUS AMORTIZATION	-	-	-	-	-	31
MISCELLANEOUS INCOME DEDUCTIONS	539,631	632,869	439,908	317,562	378,755	32
TOTAL INCOME DEDUCTIONS	2,127,297-	2,164,541-	958,927-	2,546,972-	272,358-	33
INCOME BEFORE INTEREST CHARGES	66,154,710	63,004,272	55,378,786	57,627,093	54,911,282	34
INTEREST CHARGES:						
INTEREST ON LONG-TERM DEBT	22,119,122	22,119,959	14,157,366	17,297,740	16,692,331	35
AMORT. OF DEBT DISCOUNT & EXPENSE	234,479	234,376	179,753	362,757	348,127	36
AMORT. OF PREMIUM ON DEBT-CREDIT	46,369-	46,370-	46,369-	46,369-	50,535-	37
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	38
OTHER INTEREST EXPENSE	2,943,194	288,210-	1,330,736	1,294,074	1,819,812	39
TOTAL INTEREST CHARGES	25,250,426	22,019,755	15,621,486	18,908,202	18,809,735	40
INCOME BEFORE EXTRAORDINARY ITEMS	40,904,284	40,984,517	39,757,300	38,718,891	36,101,547	41
EXTRAORDINARY ITEMS - NET	-	-	-	-	-	42
NET INCOME	$ 40,904,284	$ 40,984,517	$ 39,757,300	$ 38,718,891	$ 36,101,547	43
RETAINED EARNINGS						
BALANCE BEGINNING OF YEAR	$ 71,319,465	$ 66,807,220	$ 64,858,456	$ 55,842,734	$ 49,992,452	44
TRANSFERRED FROM INCOME	37,963,047	36,069,686	35,717,047	37,926,559	32,422,535	45
APPROPRIATIONS	-	-	-	-	-	46
DIVIDENDS DECLARED-PREFERRED STOCK	3,941,363	4,281,253	4,284,360	4,287,709	4,290,048	47
-COMMON STOCK	27,786,584	27,276,188	26,386,024	24,623,128	22,282,205	48
ADJUSTMENTS	-	-	3,097,899-	-	-	49
BALANCE END OF YEAR	77,554,565	71,319,465	66,807,220	64,858,456	55,842,734	50
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	51
UNDISTRIBUTED SUBSIDIARY EARNINGS	42,856,785	39,915,548	35,000,717	30,960,464	30,168,132	52
TOTAL END OF YEAR	$ 120,411,350	$ 111,235,013	$ 101,807,937	$ 95,818,920	$ 86,010,866	53
SELECTED INCOME ACCOUNT RELATIONSHIPS						
ELECTRIC OPERATING REVENUES:						
% OF TOTAL OPERATING REVENUES	73.4	69.9	71.0	71.6	68.9	54
NET INCOME-PERCENT OF OPERATING REVENUES	9.8	9.6	8.3	7.7	7.4	55
PRETAX COVERAGE OF INTEREST CHARGES	3.4	3.9	5.3	4.5	4.2	56
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	75.1	74.3	74.3	71.5	70.0	57
RETURN ON COMMON EQUITY	13.2	13.6	13.5	13.7	13.6	58

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ORANGE AND ROCKLAND UTILITIES, INC.
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
YEARS ENDING DECEMBER 31

LINE NO.	ITEM	1987	1986	1985	1984	1983
	ELECTRIC OPERATING REVENUES					
	REVENUES:					
1	RESIDENTIAL	$ 99,043,323	$ 97,212,929	$ 106,556,674	$ 108,604,587	$ 104,310,545
2	COMMERCIAL AND INDUSTRIAL	123,164,469	121,835,941	131,219,405	133,505,079	128,104,417
3	PUBLIC STREET AND HIGHWAY LIGHTING	3,271,117	3,336,394	3,551,375	3,497,210	3,389,860
4	OTHER PUBLIC AUTHORITIES	3,371,196	3,192,957	3,775,986	3,760,010	3,747,623
5	RAILROADS AND RAILWAYS	-	-	-	-	-
6	INTERDEPARTMENTAL	111,407	133,350	144,087	143,424	151,277
7	TOTAL REVENUES - ULTIMATE CONSUMERS	228,961,512	225,711,571	245,247,527	249,510,310	239,703,722
8	RESALE	67,710,952	64,284,566	90,147,443	105,696,083	93,203,029
9	TOTAL REVENUES FROM ELECTRIC SALES	296,672,464	289,996,137	335,394,970	355,206,393	332,906,751
10	OTHER ELECTRIC OPERATING REVENUES	7,566,092	6,931,261	2,719,889	2,577,198	1,866,155
11	TOTAL ELECTRIC OPERATING REVENUES	$ 304,238,556	$ 296,927,398	$ 338,114,859	$ 357,783,591	$ 334,772,906
	KILOWATT-HOUR SALES (THOUSANDS):					
12	RESIDENTIAL	867,112	808,374	822,920	816,682	792,392
13	COMMERCIAL AND INDUSTRIAL	1,547,302	1,440,701	1,353,702	1,323,996	1,273,995
14	PUBLIC STREET AND HIGHWAY LIGHTING	19,196	19,026	18,886	18,553	18,367
15	OTHER PUBLIC AUTHORITIES	60,239	55,196	55,282	52,430	51,861
16	RAILROADS AND RAILWAYS	-	-	-	-	-
17	INTERDEPARTMENTAL	3,026	2,942	2,955	2,821	2,839
18	TOTAL SALES TO ULTIMATE CONSUMERS	2,496,875	2,326,239	2,253,745	2,214,482	2,139,455
19	SALES: NY POWER ATH. CUSTOMERS	-	-	-	-	-
20	MUNICIPAL DIST. AGENCY SALES	63,421	53,482	-	-	-
21	TOTAL SALES - FRANCHISE AREA	2,560,295	2,379,720	2,253,744	2,214,482	2,139,454
22	RESALE	1,623,166	1,665,475	1,869,959	1,981,706	1,726,678
23	TOTAL KILOWATT-HOUR SALES	4,183,462	4,045,196	4,123,704	4,196,188	3,866,132
	CUSTOMERS-AVERAGE PER MONTH:					
24	RESIDENTIAL	151,615	147,826	144,695	141,610	139,251
25	COMMERCIAL AND INDUSTRIAL	20,670	19,692	18,856	18,217	17,777
26	PUBLIC STREET AND HIGHWAY LIGHTING	395	395	400	384	367
27	OTHER PUBLIC AUTHORITIES	1	1	1	1	1
28	RAILROADS AND RAILWAYS	-	-	-	-	-
29	INTERDEPARTMENTAL	1	1	1	1	1
30	TOTAL ULTIMATE CONSUMERS	172,682	167,915	163,953	160,213	157,397
31	RESALE	7	6	6	7	8
32	TOTAL CUSTOMERS	172,689	167,921	163,959	160,220	157,405
	OPERATING REVENUE RELATIONSHIPS					
	RESIDENTIAL SALES:					
33	AVERAGE ANNUAL BILL PER CUSTOMER	$ 653.26	$ 657.62	$ 736.42	$ 766.93	$ 749.08
34	AVERAGE KWH CONSUMPTION PER CUSTOMER	5,719	5,468	5,687	5,767	5,690
35	AVERAGE REVENUE PER KWH SOLD (CENTS)	11.42	12.03	12.95	13.30	13.16
	COMMERCIAL AND INDUSTRIAL SALES:					
36	AVERAGE ANNUAL BILL PER CUSTOMER	$ 5,958.61	$ 6,187.08	$ 6,959.03	$ 7,328.60	$ 7,206.19
37	AVERAGE KWH CONSUMPTION PER CUSTOMER	74,857	73,162	71,792	72,679	71,665
38	AVERAGE REVENUE PER KWH SOLD (CENTS)	7.96	8.46	9.69	10.08	10.06
	ELECTRIC OPERATION AND MAINTENANCE EXPENSES					
	POWER PRODUCTION EXPENSES:					
	STEAM POWER					
39	FUEL	$ 72,250,372	$ 80,224,709	$ 109,595,730	$ 124,643,073	$ 122,208,295
40	OTHER	16,339,936	12,967,434	12,610,619	11,214,959	9,174,869
41	TOTAL STEAM POWER EXPENSES	88,590,308	93,192,143	122,206,349	135,858,032	131,383,164
	NUCLEAR POWER					
42	FUEL	-	-	-	-	-
43	OTHER	-	-	-	-	-
44	TOTAL NUCLEAR POWER EXPENSES	-	-	-	-	-
	HYDRAULIC POWER					
45	WATER FOR POWER	1,418,711	1,243,051	800,707	1,776,063	1,613,756
46	OTHER	1,102,176	1,111,028	1,129,037	946,982	1,113,011
47	TOTAL HYDRAULIC POWER EXPENSES	2,520,887	2,354,079	1,929,744	2,723,045	2,726,767
	OTHER POWER GENERATION					
48	FUEL	818,877	337,174	437,524	837,757	881,432
49	OTHER	940,290	884,672	877,014	889,059	882,458
50	TOTAL OTHER POWER GENERATION EXPENSE	1,759,167	1,221,846	1,314,538	1,726,816	1,763,890
	OTHER POWER SUPPLY EXPENSES					
51	PURCHASED POWER	32,319,754	28,521,304	42,178,233	52,472,414	44,876,121
52	OTHER	1,148,205	1,037,657	1,086,901	1,114,606	1,478,468
53	TOTAL OTHER POWER SUPPLY EXPENSES	33,467,959	29,558,961	43,265,134	53,587,020	46,354,589
54	TOTAL POWER PRODUCTION EXPENSES	126,338,321	126,327,029	168,715,765	193,894,913	182,228,410
55	TRANSMISSION EXPENSES	5,706,188	5,815,107	4,827,191	5,068,347	4,883,107
56	DISTRIBUTION EXPENSES	15,073,388	13,920,616	13,429,263	12,115,862	10,704,351
57	CUSTOMER ACCOUNTS EXPENSES	7,032,682	7,474,174	6,860,297	7,031,437	6,794,223
58	SALES EXPENSES	1,433,489	1,602,846	1,573,085	1,218,453	929,627
59	ADMINISTRATIVE AND GENERAL	22,935,598	23,470,753	21,491,005	18,038,954	18,777,070
60	TOTAL O & M EXPENSES	$ 178,519,666	$ 178,610,525	$ 216,896,606	$ 237,357,776	$ 224,316,788

ORANGE AND ROCKLAND UTILITIES, INC.
DISTRIBUTION OF ELECTRIC REVENUES FROM ULTIMATE CONSUMERS
YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
REVENUES - ULTIMATE CONSUMERS***	$ 232,021,052	$ 228,767,084	$ 247,967,416	$ 252,087,508	$ 241,569,877	1
SALES-ULTIMATE CONSUMERS (000 KWH)***	2,496,874	2,326,238	2,253,744	2,214,482	2,139,454	2
DOLLAR AMOUNTS						
FUEL AND PURCHASED POWER	$ 64,811,049	$ 63,408,861	$ 80,339,958	$ 90,451,476	$ 89,983,224	3
WAGES AND BENEFITS	40,006,943	38,456,293	38,848,329	34,698,682	33,345,631	4
OTHER OPERATION AND MAINTENANCE EXPENSES	28,242,424	26,636,834	23,166,188	20,958,081	19,664,876	5
DEPRECIATION AND AMORTIZATION EXPENSES	17,728,248	16,073,270	16,436,948	16,199,991	15,612,185	6
INCOME TAXES - OPERATING	19,923,589	22,309,522	25,645,012	25,398,447	22,356,539	7
OTHER TAXES - OPERATING	39,556,101	37,912,035	37,861,733	37,246,266	33,179,653	8
*INTEREST CHARGES **	19,297,825	16,313,816	11,453,440	12,607,195	13,476,752	9
*PREFERRED DIVIDENDS **	2,879,526	2,778,537	3,437,891	3,483,058	3,479,753	10
EARNINGS AVAILABLE FOR COMMON EQUITY	424,654-	4,877,917	10,777,917	11,044,312	10,471,264	11
TOTAL	$ 232,021,052	$ 228,767,084	$ 247,967,416	$ 252,087,508	$ 241,569,877	12
PERCENT OF REVENUES - ULTIMATE CONSUMERS						
FUEL AND PURCHASED POWER	27.9	27.7	32.4	35.9	37.2	13
WAGES AND BENEFITS	17.2	16.8	15.7	13.8	13.8	14
OTHER OPERATION AND MAINTENANCE EXPENSES	12.2	11.6	9.3	8.3	8.1	15
DEPRECIATION AND AMORTIZATION EXPENSES	7.6	7.0	6.6	6.4	6.5	16
INCOME TAXES - OPERATING	8.6	9.8	10.3	10.1	9.3	17
OTHER TAXES - OPERATING	17.0	16.6	15.3	14.8	13.7	18
*INTEREST CHARGES **	8.3	7.1	4.6	5.0	5.6	19
*PREFERRED DIVIDENDS **	1.2	1.2	1.4	1.4	1.4	20
EARNINGS AVAILABLE FOR COMMON EQUITY	0.1-	2.1	4.3	4.4	4.3	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
CENTS PER KWH						
FUEL AND PURCHASED POWER	2.60	2.73	3.53	4.08	4.21	23
WAGES AND BENEFITS	1.60	1.65	1.72	1.57	1.56	24
OTHER OPERATION AND MAINTENANCE EXPENSES	1.13	1.15	1.03	0.95	0.92	25
DEPRECIATION AND AMORTIZATION EXPENSES	0.71	0.69	0.73	0.73	0.73	26
INCOME TAXES - OPERATING	0.80	0.96	1.14	1.15	1.04	27
OTHER TAXES - OPERATING	1.58	1.63	1.68	1.68	1.55	28
*INTEREST CHARGES **	0.77	0.70	0.51	0.57	0.63	29
*PREFERRED DIVIDENDS **	0.12	0.12	0.15	0.16	0.16	30
EARNINGS AVAILABLE FOR COMMON EQUITY	0.01-	0.21	0.48	0.50	0.49	31
TOTAL	9.29	9.83	11.00	11.38	11.29	32
* STARRED ITEMS ARE ALLOCATED TO ELECTRIC OPERATIONS BASED ON THE RATIO OF NET ELECTRIC PLANT TO NET TOTAL PLANT LESS NET COMMON PLANT AT DECEMBER 31- STATED AS PERCENTS:	86.24	83.65	81.93	82.15	81.74	

** NET OF AFC.

***EXCLUDES SALES FOR RESALE AND "SALES" MADE THROUGH THE NY POWER AUTHORITY OR MUNICIPAL DIST. AGENCIES.

ROCHESTER GAS AND ELECTRIC CORPORATION
COMPARATIVE BALANCE SHEET AND STATEMENT OF ELECTRIC PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO.	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	ELECTRIC UTILITY PLANT	$ 1,715,411,854	$ 2,010,813,059	$ 1,845,454,152	$ 1,640,231,789	$ 1,442,961,749
2	ACCUM. PROV. FOR DEPR. AND AMORT.	522,105,761	512,805,815	481,211,395	437,781,057	398,781,446
3	NET ELECTRIC UTILITY PLANT	1,193,306,093	1,498,007,244	1,364,242,757	1,202,450,732	1,044,180,303
4	OTHER UTILITY PLANT	347,243,642	329,710,991	311,655,299	308,474,117	292,371,997
5	ACCUM. PROV. FOR DEPR. AND AMORT.	113,631,111	104,201,306	95,048,261	92,349,591	87,499,399
6	NET OTHER UTILITY PLANT	233,612,531	225,509,685	216,607,038	216,124,526	204,872,598
7	TOTAL UTILITY PLANT	2,062,655,496	2,340,524,050	2,157,109,451	1,948,705,906	1,735,333,746
8	ACCUM. PROV. FOR DEPR. AND AMORT.	635,736,872	617,007,121	576,259,656	530,130,648	486,280,845
9	NET TOTAL UTILITY PLANT	1,426,918,624	1,723,516,929	1,580,849,795	1,418,575,258	1,249,052,901
10	NONUTILITY PROPERTY LESS ACCUM. PROV. FOR DEPR. AND AMORT.	27,371	27,371	27,371	27,371	27,371
11	INVESTMENT IN ASSOCIATED COMPANIES	-	-	-	-	-
12	INVESTMENT IN SUBSIDIARY COMPANIES	2,078,758	2,237,100	2,237,100	2,237,100	2,237,100
13	OTHER INVESTMENTS	290,759	290,759	290,759	298,759	116,656
14	SPECIAL FUNDS	-	-	-	-	-
15	TOTAL OTHER PROPERTY AND INVESTMENTS	2,396,888	2,555,230	2,555,230	2,563,230	2,381,127
16	CASH	686,718	1,363,403	1,154,964	903,611	1,701,468
17	SPECIAL DEPOSITS	98,118	41,000	5,463,259	8,969,494	1,169,155
18	WORKING FUNDS	73,059	114,799	72,079	66,029	233,271
19	TEMPORARY CASH INVESTMENTS	59,329,167	2,300,000	39,798,414	38,545,798	21,499,861
20	NOTES & ACCOUNTS RECEIVABLE LESS ACCUM. PROV. FOR UNCOLLECTIBLE ACCOUNTS	94,059,745	54,388,776	66,308,759	67,572,961	72,406,539
21	RECEIVABLES FROM ASSOCIATED COMPANIES	-	-	-	-	-
22	MATERIALS AND SUPPLIES	20,251,047	24,222,370	21,013,566	26,879,942	28,873,396
23	PREPAYMENTS	9,602,409	11,322,946	10,186,115	8,098,717	9,656,541
24	OTHER CURRENT AND ACCRUED ASSETS	249,340	66,312	183,744	64,591	184,798
25	TOTAL CURRENT AND ACCRUED ASSETS	184,349,603	93,819,606	144,180,900	151,101,143	135,725,029
26	UNAMORTIZED DEBT EXPENSE	14,678,074	12,022,078	9,081,381	8,000,189	7,293,542
27	EXTRAORDINARY PROPERTY LOSSES	17,543,508	42,576,501	48,116,001	34,479,446	37,379,391
28	PREL. SURVEY & INVESTIGATION CHARGES	650,781	1,499,151	1,705,398	1,088,688	1,698,130
29	CLEARING ACCOUNTS	-	-	-	-	-
30	DEFERRED LOSSES FROM DISP. OF UTILITY PLANT	-	-	-	-	-
31	RESEARCH AND DEVELOPMENT	224,012	422,953	52,535-	2,063,209	4,779,231
32	ACCUMULATED DEFERRED INCOME TAXES	64,013,540	10,424,822	9,912,541	14,699,384	15,045,009
33	OTHER DEFERRED DEBITS	93,499,203	40,801,785	13,513,143	1,396,146	24,983,673
34	TOTAL DEFERRED DEBITS	190,609,118	107,747,290	82,275,929	61,727,062	91,178,976
35	TOTAL ASSETS AND OTHER DEBITS	$ 1,804,274,233	$ 1,927,639,065	$ 1,809,861,854	$ 1,633,966,693	$ 1,478,338,033
	ELECTRIC PLANT IN SERVICE*					
36	INTANGIBLE PLANT	-	-	-	-	-
	PRODUCTION PLANT:					
37	STEAM	186,303,827	182,933,689	190,644,420	186,672,265	183,287,098
38	NUCLEAR	309,678,998	296,720,665	255,067,385	236,070,721	214,984,615
39	HYDRAULIC	15,551,946	15,815,664	13,769,459	11,384,525	10,750,979
40	OTHER	3,572,046	3,574,133	3,572,780	3,572,780	3,552,832
41	TRANSMISSION PLANT	147,297,924	145,396,865	143,755,487	142,217,676	135,701,723
42	DISTRIBUTION PLANT	350,216,831	334,273,755	316,217,834	303,751,220	289,861,168
43	GENERAL PLANT	14,619,766	13,655,855	17,922,827	22,568,342	11,839,730
44	ELECTRIC PLANT PURCHASED OR SOLD	-	-	-	-	-
45	EXPERIMENTAL ELECTRIC PLT UNCLASSIFIED	-	-	-	-	-
46	NUCLEAR FUEL ASSEMBLIES	188,049,460	211,751,952	196,858,845	181,011,836	161,538,557
47	TOTAL ELECTRIC PLANT IN SERVICE	1,215,290,798	1,204,121,568	1,137,808,837	1,087,249,365	1,011,516,702
48	PLANT LEASED TO OTHERS	-	-	-	-	-
49	PLANT HELD FOR FUTURE USE	1,978,198	1,978,198	1,978,198	1,963,835	2,025,350
50	CONSTRUCTION WORK IN PROGRESS	496,028,644	802,520,774	703,396,293	548,669,461	426,992,265
51	PLANT ACQUISITION ADJUSTMENTS	2,114,215	2,192,519	2,270,824	2,349,128	2,427,432
52	TOTAL ELECTRIC UTILITY PLANT	1,715,411,854	2,010,813,059	1,845,454,152	1,640,231,789	1,442,961,749
53	ACCUM. PROV. FOR DEPR. AND AMORT.	522,105,761	512,805,815	481,211,396	437,781,057	398,781,446
54	NET ELECTRIC UTILITY PLANT	1,193,306,093	1,498,007,244	1,364,242,757	1,202,450,732	1,044,180,303
	PLANT IN SERVICE:					
55	BEGINNING OF YEAR	1,204,121,569	1,137,808,836	1,087,249,366	1,011,516,702	940,979,040
56	ADDITIONS	58,360,708	85,742,634	55,666,138	67,958,705	72,685,564
57	RETIREMENTS	47,134,233	19,328,988	5,237,933	5,253,811	3,319,164
58	TRANSFERS AND ADJUSTMENTS	57,246-	100,913-	141,267	13,027,769	1,171,262
59	END OF YEAR	$ 1,215,290,797	$ 1,204,121,568	$ 1,137,808,837	$ 1,087,249,365	$ 1,011,516,702

*EXCLUDES ALLOCATION OF COMMON PLANT

ROCHESTER GAS AND ELECTRIC CORPORATION
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
LIABILITIES AND OTHER CREDITS						
COMMON STOCK ISSUED	$ 150,606,875	$ 146,235,435	$ 142,484,495	$ 128,382,435	$ 122,032,115	1
PREFERRED STOCK ISSUED	118,609,000	112,110,000	114,547,500	144,187,500	144,187,500	2
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	3
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	4
PREMIUM ON CAPITAL STOCK	357,549,355	345,652,805	330,575,694	287,771,904	274,591,452	5
OTHER PAID-IN CAPITAL	379,796	341,284	376,357	102,139	102,139	6
INSTALLMENTS REC'D ON CAPITAL STOCK	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	14,517,902-	12,525,240-	12,359,142-	11,340,117-	11,466,987-	8
RETAINED EARNINGS	17,775,280	249,505,014	216,794,787	179,675,826	153,142,070	9
UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS	158,342-	-	-	-	-	10
REACQUIRED CAPITAL STOCK	-	-	-	-	-	11
TOTAL PROPRIETARY CAPITAL	630,244,062	841,319,298	792,419,691	728,779,687	682,588,289	12
BONDS (LESS BONDS REACQUIRED)	706,000,000	698,750,000	676,500,000	636,500,000	611,500,000	13
ADVANCES FROM ASSOCIATED COMPANIES	-	-	-	-	-	14
OTHER LONG-TERM DEBT	141,900,000	91,900,000	91,900,000	51,700,000	-	15
NET UNAMORTIZED PREMIUM + DISCOUNT	175,433	181,608	139,341-	181,583-	217,792-	16
TOTAL LONG-TERM DEBT	848,075,433	790,831,608	768,260,659	688,018,417	611,282,208	17
NOTES PAYABLE	-	18,000,000	-	-	-	18
ACCOUNTS PAYABLE	31,573,161	26,618,322	44,268,476	43,472,318	54,134,270	19
PAYABLES TO ASSOCIATED COMPANIES	-	-	-	-	-	20
CUSTOMER DEPOSITS	2,081,443	2,001,176	1,600,350	1,262,157	765,656	21
TAXES ACCRUED	3,422,738	3,681,967-	1,299,052	7,308,458	4,501,420	22
INTEREST ACCRUED	15,922,012	14,235,797	14,584,970	13,276,409	12,862,581	23
DIVIDENDS DECLARED	13,296,791	18,069,593	17,718,413	16,849,210	59,923	24
TAX COLLECTIONS PAYABLE	1,495,172	1,524,957	1,480,388	1,199,983	1,234,167	25
OTHER CURRENT AND ACCRUED LIABILITIES	15,359,713	11,065,824	7,958,557	7,064,370	7,254,679	26
TOTAL CURRENT AND ACCRUED LIABILITIES	83,151,030	87,833,702	88,910,206	90,432,905	80,812,696	27
CUSTOMER ADVANCES FOR CONSTRUCTION	-	-	-	-	2,000	28
DEFERRED GAINS FROM DISP. OF UTILITY PLANT	-	-	-	-	-	29
ACCUM. DEFERRED INVESTMENT TAX CREDITS	68,136,923	86,156,106	76,011,458	66,052,852	37,241,053	30
OTHER DEFERRED CREDITS	90,892,154	46,494,416	22,453,671	11,562,502	16,671,812	31
ACCUMULATED DEFERRED INCOME TAXES:						
ACCELERATED AMORTIZATION	-	-	-	-	-	32
LIBERALIZED DEPRECIATION	77,949,095	52,402,121	41,178,286	33,009,605	24,052,649	33
OTHER	4,811,537	21,279,534	19,325,619	14,704,522	24,522,940	34
TOTAL DEFERRED CREDITS	241,789,709	206,332,177	158,969,034	125,329,481	102,490,454	35
PROPERTY INSURANCE RESERVE	1,013,999	758,845	463,115	288,583	104,472	36
INJURIES AND DAMAGE RESERVE	-	563,425	839,149	1,117,620	1,059,914	37
PENSION AND BENEFITS RESERVE	-	-	-	-	-	38
MISCELLANEOUS OPERATING RESERVES	-	-	-	-	-	39
TOTAL OPERATING RESERVES	1,013,999	1,322,270	1,302,264	1,406,203	1,164,386	40
TOTAL LIABILITIES AND OTHER CREDITS	$ 1,804,274,233	$ 1,927,639,065	$ 1,809,861,864	$ 1,633,966,693	$ 1,478,338,033	41
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS / BY CURRENT LIABILITIES	2.22	1.07	1.62	1.67	1.68	42
PERCENT OF CAPITALIZATION:						
LONG-TERM DEBT	57.3	48.4	49.2	48.5	47.2	43
PREFERRED STOCK	8.0	6.8	7.3	10.1	11.1	44
COMMON STOCK AND OTHER PAID-IN CAPITAL	33.4	29.3	29.5	28.5	29.7	45
RETAINED EARNINGS	1.2	15.2	13.8	12.6	11.8	46
LONG-TERM DEBT: % OF GROSS UTILITY PLANT	41.1	33.7	35.6	35.3	35.2	47
ACCUM.PROVISION FOR DEPR.:% OF UTILITY PLT	30.8	26.3	26.7	27.2	28.0	48

ROCHESTER GAS AND ELECTRIC CORPORATION
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO.	ITEM	1987	1986	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL:					
1	NET INCOME	$ 93,287,770	$ 104,518,847	$ 108,468,481	$ 103,618,097	$ 86,247,835
2	DEPRECIATION AND AMORTIZATION	77,681,377	72,032,195	65,849,396	59,294,449	57,795,965
3	DEFERRED INCOME TAXES (NET)	11,871,075	22,810,117	27,535,227	28,203,456	22,460,219
4	INTEREST CAPITALIZED	29,825,491-	44,805,668-	52,732,548-	46,522,889-	36,091,814-
5	OTHER (NET)	6,464,060-	3,580,839	9,281,421-	11,390,108	17,274,526
6	SUBTOTAL	146,550,671	158,136,330	139,839,135	155,983,221	147,686,731
7	EXTRAORDINARY ITEMS	262,000,000-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	115,449,329-	158,136,330	139,839,135	155,983,221	147,686,731
9	LESS DIVIDENDS: PREFERRED	8,146,869	8,057,705	9,467,448	12,212,814	10,514,708
10	COMMON	55,028,977	63,750,915	61,882,072	64,871,527	42,390,076
11	NET FUNDS - INTERNAL SOURCES	178,625,175-	86,327,710	68,489,615	78,898,880	94,781,947
	EXTERNAL:					
12	LONG TERM DEBT	75,000,000	75,000,000	50,000,000	25,000,000	100,000,000
13	PREFERRED STOCK	30,000,000	-	-	-	-
14	COMMON STOCK	16,267,990	18,828,051	56,905,850	19,530,772	42,939,080
15	NET INCREASE IN SHORT TERM DEBT	-	-	-	-	-
16	OTHER (NET)	63,761,066	17,964,927	40,474,218	51,700,000	102,139
17	TOTAL FUNDS - EXTERNAL SOURCES	185,029,056	111,792,978	147,380,068	96,230,772	143,041,219
	OTHER SOURCES					
18	NET DECREASE IN WORKING CAPITAL	-	30,672,948	9,237,490	-	1,594,066
19	OTHER	262,000,000	-	4,640,872	10,037,160	-
20	TOTAL FUNDS PROVIDED	$ 268,403,881	$ 228,793,636	$ 229,748,045	$ 185,166,812	$ 239,417,232
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES:					
21	ELECTRIC PLANT	$ 28,786,147	$ 36,163,520	$ 29,319,237	$ 27,407,531	$ 31,967,241
22	NUCLEAR PLANT	42,768,618	136,425,955	176,198,177	156,648,606	138,067,672
23	NUCLEAR FUEL	18,590,269	15,688,055	16,655,510	19,775,779	16,678,479
24	GAS PLANT	14,430,512	13,151,629	12,315,238	11,434,160	11,493,393
25	LIQUEFIED NATURAL GAS PLANT	-	-	-	-	-
26	STEAM PLANT	-	588,532-	112,084	134,685	117,048
27	NON-UTILITY PLANT	-	-	-	-	-
28	OTHER	6,684,945	7,778,995	8,240,347	10,530,509	4,727,831
29	TOTAL CONSTRUCTION	111,260,491	208,619,622	242,840,593	225,931,270	203,051,664
30	LESS INTEREST CAPITALIZED	29,825,491	44,805,668	52,732,548	46,522,889	36,091,814
31	TOTAL EXCLUDING INTEREST CAPITALIZED	81,435,000	163,813,954	190,108,045	179,408,381	166,959,850
	RETIREMENT OF SECURITIES:					
32	LONG TERM DEBT	67,750,000	52,750,000	10,000,000	-	29,667,000
33	PREFERRED STOCK	23,501,000	2,437,500	1,640,000	-	812,500
34	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
35	NET DECREASE IN SHORT TERM DEBT	18,000,000	-	-	-	40,000,000
36	OTHER (NET)	-	-	28,000,000	-	-
37	TOTAL RETIREMENT OF SECURITIES	109,251,000	55,187,500	39,640,000	-	70,479,500
	OTHER USES:					
38	NET INCREASE IN WORKING CAPITAL	77,717,881	-	-	5,758,431	-
39	OTHER	-	9,792,182	-	-	1,977,882
40	TOTAL FUNDS APPLIED	$ 268,403,881	$ 228,793,636	$ 229,748,045	$ 185,166,812	$ 239,417,232

ROCHESTER GAS AND ELECTRIC CORPORATION
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNING STATEMENTS						
ELECTRIC OPERATING INCOME:						
OPERATING REVENUES	$ 515,429,362	$ 486,961,648	$ 473,553,467	$ 476,959,124	$ 463,591,606	1
OPERATION AND MAINTENANCE EXPENSE	251,719,183	232,390,960	223,787,385	248,749,551	255,421,064	2
DEPRECIATION EXPENSE	40,196,830	28,135,588	34,803,696	31,830,025	29,961,961	3
AMORTIZATION	6,579,471	6,617,804	4,211,221	2,978,248	2,685,591	4
TAXES OTHER THAN INCOME TAXES	61,503,580	61,313,417	58,867,221	59,215,611	57,930,964	5
INCOME TAXES	23,891,042	30,082,325	22,761,038	36,519,155	15,076,574	6
PROVISION FOR DEFERRED INCOME TAXES	27,911,540	30,319,347	24,866,576	23,265,130	43,900,796	7
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	6,244,171-	1,649,532	4,439,822	12,374,850-	24,638,336-	8
MISC. ADJUSTMENTS OF INCOME TAXES	3,229,655	-	-	-	-	9
GAINS FROM DISPOSITION OF UTILITY PLT	-	-	-	-	-	10
LOSSES FROM DISPOSITION OF UTILITY PLT	-	-	-	13,300	-	11
TOTAL OPERATING EXPENSES	408,787,129	389,517,973	373,736,959	390,196,170	380,338,614	12
NET OPERATING REVENUES	106,642,233	97,443,675	99,816,508	86,762,954	83,252,992	13
INC.- LEASED PLT. & OTHER	-	-	-	-	-	14
ELECTRIC OPERATING INCOME	106,642,233	97,443,675	99,816,508	86,762,954	83,252,992	15
OTHER UTILITY OPERATING INCOME	15,732,314	18,377,793	19,437,518	22,301,523	15,571,368	16
TOTAL UTILITY OPERATING INCOME	122,374,547	115,821,468	119,254,026	109,064,477	98,824,360	17
OTHER INCOME:						
MERCH., JOBBING, & CONTRACT WORK	-	-	397-	-	1,320	18
INCOME FROM NONUTILITY OPERATIONS	-	-	-	-	-	19
NONOPERATING RENTAL INCOME	-	-	-	-	15,329	20
EQUITY IN EARNINGS OF SUBSIDIARY CO'S.	158,342-	-	-	-	-	21
INTEREST AND DIVIDEND INCOME	3,000,423	1,456,100	5,099,936	2,637,144	2,394,727	22
ALLOWANCE FOR CONSTRUCTION FUNDS	29,825,491	44,805,667	52,732,548	46,522,889	36,091,814	23
MISCELLANEOUS NONOPERATING INCOME	6,343,750	5,344,106	306,575-	1,158,391-	332,096	24
GAIN ON DISPOSITION OF PROPERTY	651,609	461,281	10,665	24,083	15,270	25
TOTAL OTHER INCOME	39,662,931	52,067,154	57,536,177	48,025,725	38,850,555	26
TOTAL INCOME	162,037,478	167,888,622	176,790,203	157,090,202	137,674,915	27
INCOME DEDUCTIONS:						
TAXES OTHER THAN INC. TAXES-NONOPERATING	62,205	27,471	70,541	83,082	122,988	28
INCOME TAXES-NONOPERATING	8,559,622-	13,880,533-	13,344,232-	13,355,508-	9,724,205-	29
LOSS ON DISPOSITION OF PROPERTY	360,579	-	8,177,216	-	-	30
MISCELLANEOUS AMORTIZATION	-	-	283,684	378,420	378,420	31
MISCELLANEOUS INCOME DEDUCTIONS	583,246	509,336	534,325	779,774	904,566	32
TOTAL INCOME DEDUCTIONS	7,553,592-	13,343,726-	4,278,466-	12,114,232-	8,318,231-	33
INCOME BEFORE INTEREST CHARGES	169,591,070	181,232,348	181,068,669	169,204,434	145,993,146	34
INTEREST CHARGES:						
INTEREST ON LONG-TERM DEBT	73,489,016	74,570,833	70,372,960	63,103,083	56,760,888	35
AMORT. OF DEBT DISCOUNT & EXPENSE	1,845,569	1,147,134	833,145	750,366	670,573	36
AMORT. OF PREMIUM ON DEBT-CREDIT	31,389-	32,411-	33,617-	39,651-	39,651-	37
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	38
OTHER INTEREST EXPENSE	1,000,104	1,027,945	1,427,700	1,772,539	2,353,501	39
TOTAL INTEREST CHARGES	76,303,300	76,713,501	72,600,188	65,586,337	59,745,311	40
INCOME BEFORE EXTRAORDINARY ITEMS	93,287,770	104,518,847	108,468,481	103,618,097	86,247,835	41
EXTRAORDINARY ITEMS - NET	262,000,000-	-	-	-	-	42
NET INCOME	$ 168,712,230-	$ 104,518,847	$ 108,468,481	$ 103,618,097	$ 86,247,835	43
RETAINED EARNINGS						
BALANCE BEGINNING OF YEAR	$ 249,462,667	$ 216,752,440	$ 179,633,479	$ 153,099,723	$ 119,756,672	44
TRANSFERRED FROM INCOME	168,553,888-	104,518,847	108,468,481	103,618,097	86,247,835	45
APPROPRIATIONS	-	-	-	-	-	46
DIVIDENDS DECLARED-PREFERRED STOCK	8,146,869	8,057,705	9,467,448	12,212,814	10,514,708	47
-COMMON STOCK	55,028,977	63,750,915	61,882,072	64,871,527	42,390,076	48
ADJUSTMENTS	-	-	-	-	-	49
BALANCE END OF YEAR	17,732,933	249,462,667	216,752,440	179,633,479	153,099,723	50
APPROPRIATED RETAINED EARNINGS	42,347	42,347	42,347	42,347	42,347	51
UNDISTRIBUTED SUBSIDIARY EARNINGS	158,342-	-	-	-	-	52
TOTAL END OF YEAR	$ 17,616,938	$ 249,505,014	$ 216,794,787	$ 179,675,826	$ 153,142,070	53
SELECTED INCOME ACCOUNT RELATIONSHIPS						
ELECTRIC OPERATING REVENUES:						
% OF TOTAL OPERATING REVENUES	70.4	66.0	62.5	60.8	61.3	54
NET INCOME-PERCENT OF OPERATING REVENUES	12.8*	13.9	14.3	13.2	11.4	55
PRETAX COVERAGE OF INTEREST CHARGES	2.8	3.0	3.1	3.3	2.9	56
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	64.6*	66.0	62.5	70.9	55.9	57
RETURN ON COMMON EQUITY	13.7*	13.7	15.6	16.2	15.1	58

*Ratios shown here are based on what the income would have been before the Nine-Mile 2 Plant write-off. See the Table "NINE-MILE 2 AND OTHER WRITE-OFFS" in the Electric Narrative Section for the impact on Net Income.

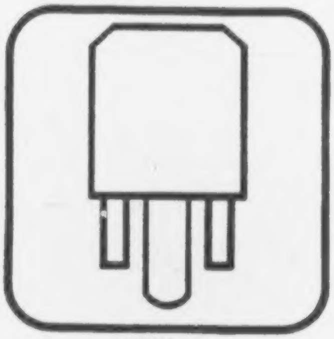
ROCHESTER GAS AND ELECTRIC CORPORATION
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
YEARS ENDING DECEMBER 31

LINE NO.	ITEM	1987	1986	1985	1984	1983
	ELECTRIC OPERATING REVENUES					
	REVENUES:					
1	RESIDENTIAL	$ 178,933,403	$ 156,664,365	$ 155,193,512	$ 147,500,162	$ 143,455,486
2	COMMERCIAL AND INDUSTRIAL	264,616,393	253,397,803	232,426,664	227,679,659	222,207,534
3	PUBLIC STREET AND HIGHWAY LIGHTING	10,497,326	10,238,810	10,560,615	10,587,882	10,705,227
4	OTHER PUBLIC AUTHORITIES	31,761,160	30,301,831	27,664,453	27,789,704	29,049,604
5	RAILROADS AND RAILWAYS	-	-	-	-	-
6	INTERDEPARTMENTAL	-	-	-	-	-
7	TOTAL REVENUES - ULTIMATE CONSUMERS	485,808,282	460,602,809	425,835,244	413,557,407	405,417,851
8	RESALE	26,214,988	20,465,456	44,103,222	60,103,580	55,643,595
9	TOTAL REVENUES FROM ELECTRIC SALES	512,023,270	481,068,265	469,938,466	473,660,987	461,061,446
10	OTHER ELECTRIC OPERATING REVENUES	3,406,092	5,893,383	3,615,001	3,298,137	2,530,160
11	TOTAL ELECTRIC OPERATING REVENUES	$ 515,429,362	$ 486,961,648	$ 473,553,467	$ 476,959,124	$ 463,591,606
	KILOWATT-HOUR SALES (THOUSANDS):					
12	RESIDENTIAL	1,970,345	1,890,293	1,846,993	1,834,564	1,788,785
13	COMMERCIAL AND INDUSTRIAL	3,515,161	3,433,328	3,406,130	3,323,077	3,101,523
14	PUBLIC STREET AND HIGHWAY LIGHTING	47,588	44,861	46,321	48,002	50,431
15	OTHER PUBLIC AUTHORITIES	415,668	407,896	405,821	404,187	411,658
16	RAILROADS AND RAILWAYS	-	-	-	-	-
17	INTERDEPARTMENTAL	-	-	-	-	-
18	TOTAL SALES TO ULTIMATE CONSUMERS	5,948,762	5,776,377	5,705,285	5,609,830	5,352,397
19	SALES: NY POWER ATH. CUSTOMERS	-	-	-	-	-
20	MUNICIPAL DIST. AGENCY SALES	-	-	-	-	-
21	TOTAL SALES - FRANCHISE AREA	5,948,762	5,776,377	5,705,285	5,609,829	5,352,396
22	RESALE	1,047,654	925,318	1,404,504	1,554,392	1,370,239
23	TOTAL KILOWATT-HOUR SALES	6,996,416	6,701,694	7,109,789	7,164,221	6,722,636
	CUSTOMERS-AVERAGE PER MONTH:					
24	RESIDENTIAL	283,903	279,666	275,235	270,572	266,587
25	COMMERCIAL AND INDUSTRIAL	28,580	27,923	27,263	26,745	26,251
26	PUBLIC STREET AND HIGHWAY LIGHTING	280	244	237	183	156
27	OTHER PUBLIC AUTHORITIES	2,015	2,040	2,042	2,031	2,016
28	RAILROADS AND RAILWAYS	-	-	-	-	-
29	INTERDEPARTMENTAL	-	-	-	-	-
30	TOTAL ULTIMATE CONSUMERS	314,778	309,873	304,777	299,531	295,010
31	RESALE	8	8	8	8	8
32	TOTAL CUSTOMERS	314,786	309,881	304,785	299,539	295,018
	OPERATING REVENUE RELATIONSHIPS					
	RESIDENTIAL SALES:					
33	AVERAGE ANNUAL BILL PER CUSTOMER	$ 630.28	$ 595.94	$ 563.86	$ 545.14	$ 538.12
34	AVERAGE KWH CONSUMPTION PER CUSTOMER	6,940	6,759	6,711	6,780	6,710
35	AVERAGE REVENUE PER KWH SOLD (CENTS)	9.08	8.82	8.40	8.04	8.02
	COMMERCIAL AND INDUSTRIAL SALES:					
36	AVERAGE ANNUAL BILL PER CUSTOMER	$ 9,258.80	$ 9,074.86	$ 8,525.35	$ 8,512.98	$ 8,464.73
37	AVERAGE KWH CONSUMPTION PER CUSTOMER	122,994	122,957	124,936	124,250	118,149
38	AVERAGE REVENUE PER KWH SOLD (CENTS)	7.53	7.38	6.82	6.86	7.16
	ELECTRIC OPERATION AND MAINTENANCE EXPENSES					
	POWER PRODUCTION EXPENSES:					
	STEAM POWER					
39	FUEL	$ 41,599,150	$ 36,973,059	$ 53,547,059	$ 73,159,096	$ 77,253,036
40	OTHER	17,869,066	16,752,935	12,026,467	11,715,784	10,182,566
41	TOTAL STEAM POWER EXPENSES	59,468,216	53,725,994	65,573,526	84,874,880	87,435,602
	NUCLEAR POWER					
42	FUEL	21,201,666	18,747,249	18,153,123	17,340,760	18,954,214
43	OTHER	37,783,709	37,389,011	31,619,327	32,678,983	26,955,130
44	TOTAL NUCLEAR POWER EXPENSES	58,985,375	56,136,260	49,772,450	50,019,743	45,909,344
	HYDRAULIC POWER					
45	WATER FOR POWER	243,325	289,561	189,652	289,975	224,728
46	OTHER	1,451,422	1,844,132	1,426,299	1,213,881	955,002
47	TOTAL HYDRAULIC POWER EXPENSES	1,694,747	2,133,693	1,615,951	1,503,856	1,179,730
	OTHER POWER GENERATION					
48	FUEL	333,429	127,294	216,643	85,592	686,075
49	OTHER	207,681	131,052	487,651	93,922	173,770
50	TOTAL OTHER POWER GENERATION EXPENSE	541,110	258,346	704,294	179,514	859,845
	OTHER POWER SUPPLY EXPENSES					
51	PURCHASED POWER	26,467,397	30,144,285	27,803,662	35,772,266	35,538,153
52	OTHER	1,049,238	1,049,888	843,734	757,483	689,357
53	TOTAL OTHER POWER SUPPLY EXPENSES	27,516,635	31,194,173	28,647,396	36,529,749	36,227,510
54	TOTAL POWER PRODUCTION EXPENSES	148,186,083	143,448,466	145,313,617	173,107,742	171,612,031
55	TRANSMISSION EXPENSES	8,864,073	9,218,869	9,070,837	8,793,496	8,589,931
56	DISTRIBUTION EXPENSES	20,962,018	20,036,132	19,686,496	18,862,823	18,759,340
57	CUSTOMER ACCOUNTS EXPENSES	8,736,337	8,619,466	8,581,194	10,336,647	10,984,280
58	SALES EXPENSES	4,506,460	2,404,592	2,375,094	2,384,883	2,238,161
59	ADMINISTRATIVE AND GENERAL	60,475,210	48,672,428	37,760,148	35,274,950	43,238,331
60	TOTAL O & M EXPENSES	$ 251,719,183	$ 232,399,960	$ 223,787,386	$ 248,749,851	$ 255,421,064

ROCHESTER GAS AND ELECTRIC CORPORATION
DISTRIBUTION OF ELECTRIC REVENUES FROM ULTIMATE CONSUMERS
YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
REVENUES - ULTIMATE CONSUMERS	$ 489,214,374	$ 466,496,192	$ 429,450,245	$ 416,855,544	$ 407,948,011	1
SALES-ULTIMATE CONSUMERS (000 KWH)	5,948,762	5,776,377	5,705,266	5,609,829	5,352,396	2
	DOLLAR AMOUNTS					
FUEL AND PURCHASED POWER	$ 66,496,199	$ 66,018,752	$ 65,254,171	$ 85,153,864	$ 92,750,050	3
WAGES AND BENEFITS	74,374,589	73,276,932	70,666,864	67,492,406	63,422,753	4
OTHER OPERATION AND MAINTENANCE EXPENSES	86,451,973	71,916,262	51,806,878	53,068,364	57,971,866	5
DEPRECIATION AND AMORTIZATION EXPENSES	46,776,301	43,753,392	39,014,917	34,808,273	32,647,552	6
INCOME TAXES - OPERATING	48,788,066	52,051,204	52,067,436	47,409,435	34,339,034	7
OTHER TAXES - OPERATING	61,503,580	61,313,417	58,867,221	59,215,611	57,930,964	8
*INTEREST CHARGES **	52,107,236	46,206,544	37,624,467	33,358,275	31,568,717	9
*PREFERRED DIVIDENDS **	6,116,201	4,690,521	5,079,992	6,704,507	5,715,066	10
EARNINGS AVAILABLE FOR COMMON EQUITY	46,600,230	47,269,168	49,079,299	29,644,809	31,602,009	11
TOTAL	$ 489,214,374	$ 466,496,192	$ 429,450,245	$ 416,855,544	$ 407,948,011	12
	PERCENT OF REVENUES - ULTIMATE CONSUMERS					
FUEL AND PURCHASED POWER	13.6	14.2	15.2	20.4	22.7	13
WAGES AND BENEFITS	15.2	15.7	16.5	16.2	15.5	14
OTHER OPERATION AND MAINTENANCE EXPENSES	17.7	15.4	12.1	12.7	14.2	15
DEPRECIATION AND AMORTIZATION EXPENSES	9.6	9.4	9.1	8.4	8.0	16
INCOME TAXES - OPERATING	10.0	11.2	12.1	11.4	8.4	17
OTHER TAXES - OPERATING	12.6	13.1	13.7	14.2	14.2	18
*INTEREST CHARGES **	10.7	9.9	8.8	8.0	7.7	19
*PREFERRED DIVIDENDS **	1.3	1.0	1.2	1.6	1.4	20
EARNINGS AVAILABLE FOR COMMON EQUITY	9.5	10.1	11.4	7.1	7.7	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
	CENTS PER KWH					
FUEL AND PURCHASED POWER	1.12	1.14	1.14	1.52	1.73	23
WAGES AND BENEFITS	1.25	1.27	1.24	1.20	1.18	24
OTHER OPERATION AND MAINTENANCE EXPENSES	1.45	1.25	0.91	0.95	1.08	25
DEPRECIATION AND AMORTIZATION EXPENSES	0.79	0.76	0.68	0.62	0.61	26
INCOME TAXES - OPERATING	0.82	0.90	0.91	0.85	0.64	27
OTHER TAXES - OPERATING	1.03	1.06	1.03	1.06	1.08	28
*INTEREST CHARGES **	0.88	0.80	0.66	0.59	0.59	29
*PREFERRED DIVIDENDS **	0.10	0.08	0.09	0.12	0.11	30
EARNINGS AVAILABLE FOR COMMON EQUITY	0.78	0.82	0.86	0.53	0.59	31
TOTAL	8.22	8.08	7.53	7.43	7.62	32
* STARRED ITEMS ARE ALLOCATED TO ELECTRIC OPERATIONS BASED ON THE RATIO OF NET ELECTRIC PLANT TO NET TOTAL PLANT LESS NET COMMON PLANT AT DECEMBER 31- STATED AS PERCENTS.	86.82	89.59	89.03	87.49	86.17	

** NET OF AFC.



POWER

SECTION II.

GAS SERVICE COMPANIES

Balance Sheet
Asset Side
Liability Side
Statement of Change in Financial Position
Income Statement
Statement of Revenue Plant and Operation and Maintenance
Distribution of Revenues

101A

BROOKLYN UNION GAS COMPANY, THE
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF GAS PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO.	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	GAS UTILITY PLANT	$ 1,031,861,895	$ 960,998,399	$ 901,135,110	$ 836,248,576	$ 779,651,540
2	ACCUM. PROV. FOR DEPR. AND AMORT.	259,266,556	239,480,380	219,239,118	200,918,570	183,953,129
3	NET GAS UTILITY PLANT	772,595,339	721,518,019	681,895,992	635,330,006	595,698,411
4	OTHER UTILITY PLANT	-	-	-	-	-
5	ACCUM. PROV. FOR DEPR. AND AMORT.	-	-	-	-	-
6	NET OTHER UTILITY PLANT	-	-	-	-	-
7	TOTAL UTILITY PLANT	1,031,861,895	960,998,399	901,135,110	836,248,576	779,651,540
8	ACCUM. PROV. FOR DEPR. AND AMORT.	259,266,556	239,480,380	219,239,118	200,918,570	183,953,129
9	NET TOTAL UTILITY PLANT	772,595,339	721,518,019	681,895,992	635,330,006	595,698,411
10	NONUTILITY PROPERTY LESS ACCUM. PROV. FOR DEPR. AND AMORT.	146,845	152,695	130,867	476,183	51,316
11	INVESTMENT IN ASSOCIATED COMPANIES	-	-	-	-	-
12	INVESTMENT IN SUBSIDIARY COMPANIES	32,363,164	22,724,100	34,915,553	33,862,172	32,551,467
13	OTHER INVESTMENTS	362,211	2,654,033	629,700	409,700	409,700
14	SPECIAL FUNDS	262,500	-	-	-	-
15	TOTAL OTHER PROPERTY AND INVESTMENTS	33,134,720	25,530,828	35,676,120	34,748,055	33,012,483
16	CASH	643,153	4,828,108	3,995,265	3,820,818	2,877,765
17	SPECIAL DEPOSITS	949,568	879,196	851,832	551,861	610,578
18	WORKING FUNDS	200,000	175,000	175,000	145,000	141,675
19	TEMPORARY CASH INVESTMENTS	60,228,628	33,997,500	23,436,669	-	-
20	NOTES & ACCTS. RECEIVABLE LESS ACCUM. PROV. FOR UNCOLLECTIBLE ACCOUNTS	18,037,318	23,771,256	13,529,978	25,758,465	44,476,270
21	RECEIVABLES - ASSOCIATED COMPANIES	505,149	1,460,051	671,261	871,228	538,777
22	MATERIALS AND SUPPLIES	18,472,526	19,220,021	14,114,193	17,152,303	14,450,010
23	GAS STORED UNDERGROUND - CURRENT	8,186,141	9,113,468	3,936,873	3,682,098	3,749,012
24	LIQUEFIED NATURAL GAS IN STORAGE	6,255,645	6,199,023	6,191,923	5,682,831	4,923,790
25	PREPAYMENTS	72,165,865	71,473,587	97,993,890	96,395,009	96,332,265
26	OTHER CURRENT AND ACCRUED ASSETS	124,632,662	124,847,434	137,551,519	113,141,058	127,446,192
27	TOTAL CURRENT AND ACCRUED ASSETS	310,276,655	295,964,644	302,448,403	267,200,671	295,546,334
28	UNAMORTIZED DEBT EXPENSE	9,146,573	9,527,444	7,668,324	3,209,585	3,510,332
29	EXTRAORDINARY PROPERTY LOSSES	-	-	-	-	-
30	PREL. SURVEY & INVESTIGATION CHARGES	1,894,167	1,746,617	291,593	336,124	103,386
31	CLEARING ACCOUNTS	830,595	107,101	639,908	792,874	413,365
32	DEFERRED LOSSES - DISP. OF UTILITY PLANT	-	-	-	-	-
33	RESEARCH AND DEVELOPEMENT	603,146-	2,054,694-	1,612,178-	1,123,734-	453,159-
34	ACCUM. DEFERRED INCOME TAXES	4,442,463	751,805	200,477	1,872,806	753,476
35	OTHER DEFERRED DEBITS	15,986,502	17,084,150	8,963,284	26,596,476	16,982,969
36	TOTAL DEFERRED DEBITS	31,697,154	27,162,423	16,151,408	31,684,131	21,310,369
37	TOTAL ASSETS AND OTHER DEBITS	$ 1,147,703,868	$ 1,070,175,914	$ 1,036,171,923	$ 968,962,863	$ 945,567,597
	GAS UTILITY PLANT*					
38	INTANGIBLE PLANT	$ 11,442	$ 11,442	$ 11,442	$ 11,442	$ 11,442
	PRODUCTION PLANT					
39	MANUFACTURED GAS PLANT	54,246,487	54,248,242	54,006,348	53,188,760	52,816,852
40	NATURAL GAS PLANT	908,884	1,303,337	1,609,993	1,837,172	2,373,918
41	NATURAL GAS STORAGE PLANT					
42	UNDERGROUND STORAGE PLANT	-	-	-	-	-
43	OTHER STORAGE PLANT	59,767,133	58,811,837	53,033,207	48,378,802	46,880,971
44	TRANSMISSION PLANT	-	-	-	-	-
45	DISTRIBUTION PLANT	812,507,481	763,062,064	714,376,208	665,963,096	623,058,657
46	GENERAL PLANT	84,314,988	71,595,313	65,759,335	55,184,420	44,257,679
47	GAS PLANT PURCHASED OR SOLD	-	-	-	-	-
48	EXPERIMENTAL GAS PLANT UNCLASSIFIED	-	-	-	-	-
49	GAS STORED UNDERGROUND NON-CURRENT	857,650	857,650	857,650	857,650	857,650
50	TOTAL GAS PLANT IN SERVICE	1,012,614,065	949,889,885	889,654,183	825,421,342	770,257,169
51	PLANT LEASED TO OTHERS	-	-	-	-	-
52	PLANT HELD FOR FUTURE USE	297,172	297,172	325,832	28,661	28,661
53	CONSTRUCTION WORK IN PROGRESS	18,950,658	10,811,342	11,155,095	10,798,573	9,365,710
54	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
55	TOTAL GAS UTILITY PLANT	1,031,861,895	960,998,399	901,135,110	836,248,576	779,651,540
56	ACCUM. PROV. FOR DEPR. AND AMORT.	259,266,556	239,480,380	219,239,118	200,918,570	183,953,129
57	NET GAS UTILITY PLANT	772,595,339	721,518,019	681,895,992	635,330,006	595,698,411
	PLANT IN SERVICE:					
58	BEGINNING OF YEAR	949,889,885	889,654,183	825,421,342	770,257,169	722,635,211
59	ADDITIONS	72,800,088	67,352,629	70,224,884	61,768,475	52,117,658
60	RETIREMENTS	10,094,586	6,888,855	6,306,173	6,548,683	4,480,197
61	TRANSFERS AND ADJUSTMENTS	18,678	228,072-	314,130	55,619-	15,503-
62	END OF YEAR	$ 1,012,614,065	$ 949,889,885	$ 889,654,183	$ 825,421,342	$ 770,257,169

*EXCLUDES ALLOCATION OF COMMON PLANT

BROOKLYN UNION GAS COMPANY, THE
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
LIABILITIES AND OTHER CREDITS						
COMMON STOCK ISSUED	$ 11,461,329	$ 11,100,508	$ 10,741,921	$ 10,304,445	$ 9,836,532	1
PREFERRED STOCK ISSUED	53,800,000	55,400,000	77,000,000	78,600,000	80,200,000	2
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	3
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	4
PREMIUM ON CAPITAL STOCK	159,121,586	141,989,209	125,141,761	109,266,786	95,808,903	5
OTHER PAID-IN CAPITAL	60,392,313	60,444,915	60,471,290	60,340,150	60,098,455	6
INSTALLMENTS REC'D ON CAPITAL STOCK	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	219,565,669	204,191,753	185,629,629	166,736,657	150,038,033	9
UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS	15,850,373-	17,072,471-	2,636,789-	2,215,170-	2,950,876-	10
REACQUIRED CAPITAL STOCK	3,364,100-	406,900-	1,138,800-	1,715,375-	2,140,525-	11
TOTAL PROPRIETARY CAPITAL	485,126,424	455,647,014	455,209,012	421,317,493	390,890,522	12
BONDS (LESS BONDS REACQUIRED)	403,015,482	346,228,751	335,316,926	261,719,633	241,781,322	13
ADVANCES FROM ASSOCIATED COMPANIES	-	-	-	-	-	14
OTHER LONG-TERM DEBT	-	785,714	1,178,571	1,571,429	1,964,286	15
NET UNAMORTIZED PREMIUM + DISCOUNT	335,707-	471,456-	958,754-	1,079,061-	1,250,416-	16
TOTAL LONG TERM DEBT	402,679,775	346,543,009	335,536,743	262,212,001	242,495,192	17
NOTES PAYABLE	-	-	-	47,034,265	74,401,755	18
ACCOUNTS PAYABLE	54,496,940	63,679,695	67,189,663	59,111,425	64,895,721	19
PAYABLES TO ASSOCIATED COMPANIES	1,799,454	2,686,613	2,321,571	1,947,125	2,763,459	20
CUSTOMER DEPOSITS	15,375,324	15,302,624	14,872,503	12,727,277	11,596,838	21
TAXES ACCRUED	35,729,668	41,989,121	34,612,016	32,329,064	42,340,506	22
INTEREST ACCRUED	8,726,220	9,327,844	10,397,018	9,270,125	8,545,827	23
DIVIDENDS DECLARED	10,225,598	9,617,536	9,085,815	8,181,690	7,551,019	24
TAX COLLECTIONS PAYABLE	3,790,179	3,980,521	3,500,881	4,417,043	4,611,613	25
OTHER CURRENT AND ACCRUED LIABILITIES	18,994,181	28,168,289	19,356,286	26,007,246	20,968,029	26
TOTAL CURRENT AND ACCRUED LIABILITIES	149,137,564	174,752,243	161,335,753	201,025,260	237,674,767	27
CUSTOMER ADVANCES FOR CONSTRUCTION	563,000	563,000	382,000	382,000	-	28
DEFERRED GAINS FROM DISPOSITION OF UTILITY PLANT	-	-	-	-	-	29
ACCUM. DEFERRED INVESTMENT TAX CREDITS	29,328,260	29,840,791	29,768,980	25,724,404	20,701,220	30
OTHER DEFERRED CREDITS	12,542,196	3,309,895	2,962,531	5,576,143	3,203,862	31
ACCUMULATED DEFERRED INCOME TAXES:						
ACCELERATED AMORTIZATION	-	-	-	-	-	32
LIBERALIZED DEPRECIATION	55,968,534	48,705,579	41,363,091	34,290,561	27,061,138	33
OTHER	8,938,567	7,086,450	6,214,085	15,038,179	20,414,677	34
TOTAL DEFERRED CREDITS	107,340,557	89,505,715	80,690,687	81,011,287	71,380,897	35
PROPERTY INSURANCE RESERVE	-	-	-	-	-	36
INJURIES AND DAMAGE RESERVES	2,682,778	3,012,490	2,702,700	2,747,975	2,543,422	37
PENSION AND BENEFITS RESERVE	-	-	-	-	-	38
MISCELLANEOUS OPERATING RESERVES	736,770	715,443	697,028	648,847	582,797	39
TOTAL OPERATING RESERVES	3,419,548	3,727,933	3,399,728	3,396,822	3,126,219	40
TOTAL LIABILITIES AND OTHER CREDITS	$ 1,147,703,868	$ 1,070,175,914	$ 1,036,171,923	$ 968,962,863	$ 945,567,597	41
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS / BY CURRENT LIABILITIES	2.08	1.69	1.87	1.33	1.24	42
PERCENT OF CAPITALIZATION:						
LONG-TERM DEBT	45.3	43.1	42.4	38.3	38.2	43
PREFERRED STOCK	6.0	6.9	9.7	11.4	12.6	44
COMMON STOCK AND OTHER PAID-IN CAPITAL	23.8	24.4	24.3	25.7	25.3	45
RETAINED EARNINGS	24.7	25.4	23.4	24.3	23.6	46
LONG-TERM DEBT: % OF GROSS UTILITY PLANT	39.0	36.0	37.2	31.3	31.1	47
ACCUM. PROV. FOR DEPR.: % OF UTILITY PLT.	25.1	24.9	24.3	24.0	23.5	48

101C

BROOKLYN UNION GAS COMPANY, THE
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO		1987	1985	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL:					
1	NET INCOME	$ 59,134,116	$ 46,820,552	$ 59,697,784	$ 56,137,680	$ 51,035,743
2	DEPRECIATION AND AMORTIZATION	28,712,246	27,049,166	24,866,933	23,300,205	21,103,587
3	DEFERRED INCOME TAXES - NET	4,911,883	7,735,336	3,965,341	5,756,779	7,608,505
4	INTEREST CAPITALIZED	1,616,392-	1,022,090-	1,147,673-	759,467-	756,658-
5	OTHER (NET)	-	-	-	-	-
6	SUBTOTAL	91,141,853	80,582,964	87,382,385	84,435,197	78,991,177
7	EXTRAORDINARY ITEMS	-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	91,141,853	80,582,964	87,382,385	84,435,197	78,991,177
9	LESS DIVIDENDS: PREFERRED	4,525,846	6,744,874	7,847,925	7,943,150	8,044,661
10	COMMON	37,966,243	35,799,156	33,353,712	30,715,085	28,376,632
11	NET FUNDS - INTERNAL SOURCES	48,649,764	38,038,934	46,180,748	45,776,962	42,569,884
	EXTERNAL:					
12	LONG TERM DEBT	62,900,731	65,749,825	112,480,293	51,592,821	39,638,078
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	17,493,198	17,206,033	16,312,451	13,925,796	40,054,014
15	NET INCREASE IN SHORT TERM DEBT	-	-	-	-	-
16	OTHER (NET)	-	-	-	-	-
17	TOTAL FUNDS - EXTERNAL SOURCES	80,393,929	82,955,858	128,792,744	65,518,617	79,692,092
	OTHER SOURCES:					
18	NET DECREASE IN WORKING CAPITAL	-	19,900,249	-	19,063,646	-
19	OTHER	1,040,396	1,005,150	9,596,557	-	6,863,173
20	TOTAL FUNDS PROVIDED	$ 130,084,089	$ 141,900,191	$ 184,570,049	$ 130,359,225	$ 129,125,149
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
21	GAS PLANT	$ 78,132,451	$ 63,114,885	$ 62,691,872	$ 59,403,915	$ 56,147,609
22	LIQUEFIED NATURAL GAS PLANT	2,190,278	3,686,611	8,134,644	3,865,632	838,620
23	NON-UTILITY	5,850-	21,828	345,316-	-	-
24	OTHER	-	-	-	-	-
25	TOTAL CONSTRUCTION	80,316,879	66,823,324	70,481,200	63,269,547	56,986,229
26	LESS INTEREST CAPITALIZED	1,616,392	1,022,090	1,147,673	759,467	756,658
27	TOTAL EXCLUDING INTEREST CAPITALIZED	78,700,487	65,801,234	69,333,527	62,510,080	56,229,571
	RETIREMENT OF SECURITIES:					
28	LONG TERM DEBT	6,899,712	55,230,857	86,310,123	5,414,857	15,074,775
29	PREFERRED STOCK	1,600,000	21,600,000	1,600,000	1,600,000	1,600,000
30	REDEMPTION OF CAPITAL STOCK	2,957,200	731,900-	576,575-	425,150-	911,000-
31	NET DECREASE IN SHORT TERM DEBT	-	-	-	54,000,000	37,950,000
32	OTHER (NET)	-	-	-	-	-
34	TOTAL RETIREMENT OF SECURITIES	11,456,912	76,098,957	87,333,548	60,589,707	53,713,775
	OTHER USES					
35	NET INCREASE IN WORKING CAPITAL	-	-	27,902,974	-	19,181,803
36	OTHER (NET)	39,926,690	-	-	7,259,438	-
37	TOTAL FUNDS APPLIED	$ 130,084,089	$ 141,900,191	$ 184,570,049	$ 130,359,225	$ 129,125,149

BROOKLYN UNION GAS COMPANY, THE
COMPARATIVE STATEMENTS OF INCOME AND RETAINED EARNINGS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
GAS OPERATING INCOME						
OPERATING REVENUES	$ 882,142,538	$ 952,919,175	$ 1,004,627,971	$ 1,003,715,390	$ 952,223,534	1
OPERATION AND MAINTENANCE EXPENSE	626,623,123	677,155,847	734,131,442	745,206,527	708,696,837	2
DEPRECIATION EXPENSE	24,750,971	23,578,028	22,229,564	21,158,701	19,737,832	3
AMORTIZATION	575,593	541,021	410,439	731,039	566,297	4
TAXES OTHER THAN INCOME TAXES	113,435,790	116,542,667	118,700,770	114,987,473	106,832,177	5
INCOME TAXES	25,498,784	34,956,623	43,831,553	35,076,645	30,713,281	6
PROVISION FOR DEFERRED INCOME TAXES	91,909,238	69,979,762	56,749,831	59,557,141	72,767,504	7
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	86,802,248-	61,165,143-	58,485,949-	57,686,357-	68,958,142-	8
MISC. ADJUSTMENTS OF INCOME TAXES	1,231,535-	-	-	-	-	9
GAINS FROM DISPOSITION OF UTILITY PLT	-	-	-	-	-	10
LOSSES FROM DISPOSITION OF UTILITY PLT	-	-	-	-	-	11
TOTAL OPERATING EXPENSES	794,759,716	861,588,805	917,567,650	919,031,169	870,355,786	12
NET OPERATING REVENUES	87,382,822	91,330,370	87,060,321	84,684,221	81,867,748	13
INC. - LEASED PLT. & OTHER OPER. INC.	-	-	-	-	-	14
GAS OPERATING INCOME	87,382,822	91,330,370	87,060,321	84,684,221	81,867,748	15
OTHER UTILITY OPERATING INCOME	-	-	-	-	-	16
TOTAL UTILITY OPERATING INCOME	87,382,822	91,330,370	87,060,321	84,684,221	81,867,748	17
OTHER INCOME:						
MERCH., JOBBING AND CONTRACT WORK	14,839	107,639	20,186	92,397	144,886-	18
INCOME FROM NONUTILITY OPERATIONS	-	-	-	-	-	19
NONOPERATING RENTAL INCOME	7,310	6,511	7,195	26,370	53,853	20
EQUITY IN EARNINGS OF SUBSIDIARY CO'S	1,222,098	13,871,793-	357,731-	799,593	653,048-	21
INTEREST AND DIVIDEND INCOME	2,495,022	4,094,604	5,342,543	3,853,288	2,482,586	22
ALLOWANCE FOR CONSTRUCTION FUNDS	1,616,392	1,022,090	1,147,673	759,467	756,658	23
MISCELLANEOUS NONOPERATING INCOME	161,411	285,608	706,616	836,022	563,352	24
GAIN ON DISPOSITION OF PROPERTY	469,079	429,206	-	-	-	25
TOTAL OTHER INCOME	5,986,151	7,926,135-	6,866,482	6,367,137	3,058,515	26
TOTAL INCOME	93,368,973	83,404,235	93,926,803	91,051,358	84,926,263	27
INCOME DEDUCTIONS:						
TAXES OTHER THAN INC. TAXES-NONOPERATING	193,005	256,219	177,947	300,491	264,095	28
INCOME TAXES-NONOPERATING	640,676-	2,875,458-	769,635	312,345	39,359	29
LOSS ON DISPOSITION OF PROPERTY	-	-	-	-	-	30
MISCELLANEOUS AMORTIZATION	-	-	-	-	-	31
MISCELLANEOUS INCOME DEDUCTIONS	1,423,579	1,501,128	1,284,031	1,215,190	681,451	32
TOTAL INCOME DEDUCTIONS	975,908	1,118,111-	2,231,613	1,828,026	984,905	33
INCOME BEFORE INTEREST CHARGES	92,393,065	84,522,346	91,695,190	89,223,332	83,941,358	34
INTEREST CHARGES:						
INTEREST ON LONG-TERM DEBT	31,328,964	32,946,472	28,354,120	25,544,021	23,548,045	35
AMORT. OF DEBT DISCOUNT + EXPENSE	1,185,413	748,129	493,532	485,826	462,099	36
AMORT. OF PREMIUM ON DEBT-CREDIT	30,076-	30,019-	32,110-	32,412-	33,875-	37
INTEREST ON DEBT TO ASSOCIATED COMPANIES	43,903	26,222	42,085	54,647	34,886	38
OTHER INTEREST EXPENSE	730,745	4,010,990	3,139,779	7,033,570	8,894,460	39
TOTAL INTEREST CHARGES	33,258,949	37,701,794	31,997,406	33,085,652	32,905,615	40
INCOME BEFORE EXTRAORDINARY ITEMS	59,134,116	46,820,552	59,697,784	56,137,680	51,035,743	41
EXTRAORDINARY ITEMS - NET	-	-	-	-	-	42
NET INCOME	$ 59,134,116	$ 46,820,552	$ 59,697,784	$ 56,137,680	$ 51,035,743	43
RETAINED EARNINGS:						
BEGINNING OF YEAR	$ 204,191,753	$ 185,629,629	$ 166,736,657	$ 150,038,033	$ 134,920,407	44
BALANCE TRANSFERRED FROM INCOME	57,912,018	60,692,345	60,055,515	55,338,087	51,688,791	45
APPROPRIATIONS	-	-	-	-	-	46
DIVIDENDS DECLARED-PREFERRED STOCK	4,525,846	6,744,874	7,847,925	7,943,150	8,044,661	47
-COMMON STOCK	37,966,243	35,799,156	33,353,712	30,715,085	28,376,632	48
ADJUSTMENTS	46,013-	413,809	39,094	18,772	149,872-	49
BALANCE END OF YEAR	219,565,669	204,191,753	185,629,629	166,736,657	150,038,033	50
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	51
UNDISTRIBUTED SUBSIDIARY EARNINGS	15,850,373-	17,072,471-	2,636,789-	2,215,170-	2,950,876-	52
TOTAL END OF YEAR	$ 203,715,296	$ 187,119,282	$ 182,992,840	$ 164,521,487	$ 147,087,157	53
SELECTED INCOME ACCOUNT RELATIONSHIPS						
GAS OPERATING REVENUES						
% OF TOTAL OPERATING REVENUES	100.0	100.0	100.0	100.0	100.0	54
NET INCOME-PERCENT OF OPERATING REVENUES	6.7	4.9	5.9	5.5	5.3	55
PRETAX COVERAGE OF INTEREST CHARGES	3.6	3.3	4.2	3.8	3.6	56
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	69.5	89.3	64.3	63.7	66.0	57
RETURN ON COMMON EQUITY	13.1	10.2	14.3	14.7	15.1	58

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BROOKLYN UNION GAS COMPANY, THE
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	REVENUES:					
1	RESIDENTIAL	$ 716,486,136	$ 763,678,310	$ 778,608,883	$ 786,159,228	$ 744,109,489
2	COMMERCIAL AND INDUSTRIAL	132,506,526	148,933,159	164,755,052	165,892,838	161,398,859
3	OTHER SALES TO PUBLIC AUTHORITIES	32,193,693	36,734,851	41,659,715	43,717,583	37,585,160
4	INTERDEPARTMENTAL	18,790,627-	-	-	-	-
5	TOTAL REVENUES - ULTIMATE CONSUMERS	862,395,728	949,346,320	985,023,650	995,769,649	943,093,508
6	RESALE	13,502,922	-	16,488,778	4,329,562	5,054,143
7	TOTAL REVENUES FROM SALES OF GAS	875,898,650	949,346,320	1,001,512,428	1,000,099,211	948,147,651
8	OTHER GAS OPERATING REVENUES	6,243,888	3,572,855	3,115,543	3,616,179	4,075,882
9	TOTAL GAS OPERATING REVENUES	$ 882,142,538	$ 952,919,175	$ 1,004,627,971	$ 1,003,715,390	$ 952,223,534
	GAS SALES (MCF):					
10	RESIDENTIAL	83,937,016	81,166,531	79,350,612	80,967,629	80,308,403
11	COMMERCIAL AND INDUSTRIAL	20,988,129	24,423,793	23,075,646	21,609,085	22,799,553
12	OTHER SALES TO PUBLIC AUTHORITIES	5,942,197	6,560,683	6,318,301	6,413,651	5,610,704
13	INTERDEPARTMENTAL	-	-	-	-	-
14	TOTAL SALES TO ULTIMATE CONSUMERS	110,867,342	112,151,007	108,744,559	108,990,365	108,718,660
15	RESALE	5,518,324	-	4,904,543	1,138,031	1,551,121
16	TOTAL GAS SALES	116,385,666	112,151,007	113,649,102	110,128,396	110,269,781
	CUSTOMERS - AVERAGE PER MONTH					
17	RESIDENTIAL	1,051,032	1,048,267	1,044,299	1,038,782	1,034,619
18	COMMERCIAL AND INDUSTRIAL	33,029	32,424	31,746	31,652	31,506
19	OTHER SALES TO PUBLIC AUTHORITIES	3,044	2,932	2,890	2,825	2,704
20	INTERDEPARTMENTAL	-	-	-	-	-
21	TOTAL ULTIMATE CONSUMERS	1,087,105	1,083,623	1,078,935	1,073,259	1,068,829
22	RESALE	-	-	1	1	1
23	TOTAL CUSTOMERS	1,087,105	1,083,623	1,078,936	1,073,260	1,068,830

GAS OPERATING REVENUE RELATIONSHIPS

LINE NO	ITEM	1987	1986	1985	1984	1983
	RESIDENTIAL SALES:					
24	AVERAGE ANNUAL BILL PER CUSTOMER	$ 681.70	$ 728.52	$ 745.58	$ 756.81	$ 719.21
25	AVERAGE MCF CONSUMPTION PER CUSTOMER	80	77	76	78	78
26	AVERAGE REVENUE PER MCF SOLD	$ 8.54	$ 9.41	$ 9.81	$ 9.71	$ 9.27
	COMMERCIAL AND INDUSTRIAL SALES:					
27	AVERAGE ANNUAL BILL PER CUSTOMER	$ 4,011.82	$ 4,593.30	$ 5,189.79	$ 5,241.15	$ 5,122.80
28	AVERAGE MCF CONSUMPTION PER CUSTOMER	635	753	727	683	724
29	AVERAGE REVENUE PER MCF SOLD	$ 6.31	$ 6.10	$ 7.14	$ 7.68	$ 7.08

GAS OPERATION AND MAINTENANCE EXPENSES

LINE NO	ITEM	1987	1986	1985	1984	1983
	PRODUCTION EXPENSES:					
	MANUFACTURED GAS					
30	STEAM	$ 28,911	$ 1,120,814	$ 1,727,395	$ 1,683,111	$ 1,594,112
31	MANUFACTURED GAS	1,613,421	8,167,940	8,812,553	9,543,248	11,927,209
	NATURAL GAS					
32	PRODUCTION AND GATHERING	-	-	-	-	-
33	EXPLORATION AND DEVELOPMENT					
	OTHER GAS SUPPLY EXPENSES					
34	PURCHASED GAS	372,579,263	438,587,398	502,714,689	525,454,322	508,191,062
35	OTHER	2,156,339	1,547,322-	698,459-	524,165-	2,608,943-
36	TOTAL PRODUCTION EXPENSE	376,377,934	446,328,830	512,556,178	536,156,516	519,103,440
	NATURAL GAS STORAGE EXPENSES:					
37	UNDERGROUND STORAGE EXPENSES	-	-	-	-	-
38	OTHER STORAGE EXPENSES	6,854,327	5,151,426	4,914,362	4,892,992	4,843,112
39	TOTAL NATURAL GAS STORAGE EXPENSE	6,854,327	5,151,426	4,914,362	4,892,992	4,843,112
40	TRANSMISSION EXPENSES	-	-	-	-	-
41	DISTRIBUTION EXPENSES	101,181,430	90,631,621	81,347,665	76,964,216	71,995,406
42	CUSTOMER ACCOUNTS EXPENSES	46,340,358	44,012,324	48,319,177	50,731,659	44,135,566
43	SALES EXPENSES	6,122,684	6,547,662	6,071,461	4,814,066	4,810,880
44	ADMINISTRATIVE AND GENERAL EXPENSES	89,746,390	84,483,984	80,922,599	71,647,078	63,808,433
45	TOTAL O & M EXPENSES	$ 626,623,123	$ 677,155,847	$ 734,131,442	$ 745,206,527	$ 708,696,837

BROOKLYN UNION GAS COMPANY, THE
DISTRIBUTION OF GAS REVENUES
YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
REVENUES	$ 882,142,538	$ 952,919,175	$ 1,004,627,971	$ 1,003,715,390	$ 952,223,534	1
SALES (MCF)	116,385,666	112,151,007	113,649,102	110,128,396	110,269,781	2
			DOLLAR AMOUNTS			
PURCHASED GAS & OTHER SUPPLY EXPENSE	$ 374,735,602	$ 437,040,076	$ 502,016,230	$ 524,930,157	$ 505,582,119	3
WAGES AND BENEFITS	145,757,046	134,569,790	132,564,658	122,849,614	111,254,814	4
OTHER OPERATION AND MAINTENANCE EXPENSES	106,130,475	105,545,981	99,550,554	97,426,756	91,859,904	5
DEPR. AND AMORT. EXPENSES	25,326,564	24,119,049	22,640,003	21,889,740	20,304,129	6
INCOME TAXES - OPERATING	29,374,239	43,771,242	42,095,435	36,947,429	34,522,643	7
OTHER TAXES - OPERATING	113,435,790	116,542,667	118,700,770	114,987,473	106,832,177	8
*INTEREST CHARGES **	33,258,949	37,701,794	31,997,406	33,085,652	32,659,883	9
*PREFERRED DIVIDENDS **	4,399,524	6,631,287	7,697,924	7,834,166	7,965,140	10
EARNINGS AVAILABLE FOR COMMON EQUITY	49,724,349	46,997,289	47,364,991	43,764,403	41,242,725	11
TOTAL	$ 882,142,538	$ 952,919,175	$ 1,004,627,971	$ 1,003,715,390	$ 952,223,534	12
			PERCENT OF REVENUES			
PURCHASED GAS & OTHER SUPPLY EXPENSE	42.5	45.9	50.0	52.3	53.1	13
WAGES AND BENEFITS	16.5	14.1	13.2	12.2	11.7	14
OTHER OPERATION AND MAINTENANCE EXPENSES	12.0	11.1	9.9	9.7	9.6	15
DEPRECIATION AND AMORTIZATION EXPENSES	2.9	2.5	2.3	2.2	2.1	16
INCOME TAXES - OPERATING	3.3	4.6	4.2	3.7	3.6	17
OTHER TAXES - OPERATING	12.9	12.2	11.8	11.5	11.2	18
*INTEREST CHARGES **	3.8	4.0	3.2	3.3	3.4	19
*PREFERRED DIVIDENDS**	0.5	0.7	0.8	0.8	0.8	20
EARNINGS AVAILABLE FOR COMMON EQUITY	5.6	4.9	4.7	4.4	4.3	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
			DOLLARS PER MCF			
PURCHASED GAS & OTHER SUPPLY EXPENSE	$ 3.22	$ 3.90	$ 4.42	$ 4.77	$ 4.58	23
WAGES AND BENEFITS	1.25	1.20	1.17	1.12	1.01	24
OTHER OPERATION AND MAINTENANCE EXPENSES	0.91	0.94	0.88	0.88	0.83	25
DEPRECIATION AND AMORTIZATION EXPENSES	0.22	0.22	0.20	0.20	0.18	26
INCOME TAXES - OPERATING	0.25	0.39	0.37	0.34	0.31	27
OTHER TAXES - OPERATING	0.97	1.04	1.04	1.04	0.97	28
*INTEREST CHARGES **	0.29	0.34	0.28	0.30	0.30	29
*PREFERRED DIVIDENDS **	0.04	0.06	0.07	0.07	0.07	30
EARNINGS AVAILABLE FOR COMMON EQUITY	0.43	0.42	0.42	0.40	0.37	31
TOTAL	$ 7.58	$ 8.50	$ 8.84	$ 9.11	$ 8.64	32

*THIS IS A STRAIGHT GAS COMPANY, THEREFORE, NO ALLOCATION OF STARRED ITEMS IS NECESSARY

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CENTRAL HUDSON GAS & ELECTRIC CORPORATION
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF GAS PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO.	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	GAS UTILITY PLANT	$ 78,180,150	$ 72,515,115	$ 68,341,074	$ 64,204,437	$ 61,375,512
2	ACCUM. PROV. FOR DEPR. AND AMORT.	28,316,565	26,806,892	25,635,882	23,237,386	20,642,422
3	NET GAS UTILITY PLANT	49,863,585	45,708,223	42,705,192	40,967,051	40,733,090
4	OTHER UTILITY PLANT	1,015,330,863	1,119,980,586	985,426,660	864,586,516	759,414,997
5	ACCUM. PROV. FOR DEPR. AND AMORT.	235,079,234	226,360,615	215,242,324	202,046,456	189,382,739
6	NET OTHER UTILITY PLANT	780,251,629	893,619,971	770,184,336	662,540,060	570,032,258
7	TOTAL UTILITY PLANT	1,093,511,013	1,192,495,701	1,053,767,734	928,790,953	820,790,509
8	ACCUM. PROV. FOR DEPR. AND AMORT.	263,395,799	253,167,507	240,878,206	225,283,842	210,025,161
9	NET TOTAL UTILITY PLANT	830,115,214	939,328,194	812,889,528	703,507,111	610,765,348
10	NONUTILITY PROPERTY LESS ACCUM. PROV. FOR DEPR. AND AMORT.	967,232	968,859	1,409,005	565,496	565,496
11	INVESTMENT IN ASSOCIATED COMPANIES	-	-	-	-	-
12	INVESTMENT IN SUBSIDIARY COMPANIES	2,787,124	2,990,239	2,153,523	2,608,723	1,606,101
13	OTHER INVESTMENTS	2,337,807	2,330,657	39,159	27,406	11,345
14	SPECIAL FUNDS	-	-	-	-	-
15	TOTAL OTHER PROPERTY AND INVESTMENTS	6,092,163	6,289,755	3,601,687	3,201,625	2,182,942
16	CASH	1,547,977	1,512,924	1,462,371	1,047,021	1,125,575
17	SPECIAL DEPOSITS	4,487,969	19,637,337	53,391,410	7,627,592	2,818,988
18	WORKING FUNDS	237,623	176,705	190,784	217,384	450,705
19	TEMPORARY CASH INVESTMENTS	420,000	6,412,500	14,350,000	10,517,642	-
20	NOTES & ACCTS. RECEIVABLE LESS ACCUM. PROV. FOR UNCOLLECTIBLE ACCOUNTS	44,571,751	61,270,244	44,835,751	45,130,323	45,317,235
21	RECEIVABLES - ASSOCIATED COMPANIES	1,537	-	-	29,564	-
22	MATERIALS AND SUPPLIES	20,558,969	21,128,628	23,853,891	33,129,621	29,526,117
23	GAS STORED UNDERGROUND - CURRENT	1,803,944	1,895,313	2,121,371	1,505,752	1,677,458
24	LIQUEFIED NATURAL GAS IN STORAGE	-	-	-	-	-
25	PREPAYMENTS	7,690,373	8,119,228	6,523,634	5,402,585	5,106,431
26	OTHER CURRENT AND ACCRUED ASSETS	662,427	8,973,784	9,761,662	8,677,169	8,257,680
27	TOTAL CURRENT AND ACCRUED ASSETS	81,982,570	129,126,663	156,490,874	113,284,653	94,280,189
28	UNAMORTIZED DEBT EXPENSE	9,696,638	9,973,483	5,674,162	4,289,477	3,226,624
29	EXTRAORDINARY PROPERTY LOSSES	761,600	9,631,234	15,451,877	18,655,001	20,815,721
30	PREL. SURVEY & INVESTIGATION CHARGES	265,252	90,773	79,601	74,199	2,249,189
31	CLEARING ACCOUNTS	230,589	307,238	320,958	306,438	506,949
32	DEFERRED LOSSES - DISP. OF UTILITY PLANT	294,293-	-	-	-	-
33	RESEARCH AND DEVELOPEMENT	-	68,866-	627,361-	595,546-	139,795-
34	ACCUM. DEFERRED INCOME TAXES	38,870,000	6,444,500	1,813,800	1,033,800	175,100
35	OTHER DEFERRED DEBITS	95,521,011	63,019,718	44,642,413	35,517,144	30,318,176
36	TOTAL DEFERRED DEBITS	145,050,797	89,398,080	67,355,450	59,280,513	57,151,964
37	TOTAL ASSETS AND OTHER DEBITS	$ 1,063,240,744	$ 1,164,142,692	$ 1,040,337,539	$ 879,273,902	$ 764,380,443
	GAS UTILITY PLANT*					
38	INTANGIBLE PLANT	$ 248,291	$ 3,183	$ 3,183	$ 3,183	$ 3,183
	PRODUCTION PLANT					
39	MANUFACTURED GAS PLANT	2,933,238	2,932,564	2,816,115	1,537,020	1,436,828
40	NATURAL GAS PLANT	-	-	-	-	-
41	NATURAL GAS STORAGE PLANT					
42	UNDERGROUND STORAGE PLANT	-	-	-	-	-
43	OTHER STORAGE PLANT	-	-	169,763	169,763	169,763
44	TRANSMISSION PLANT	17,779,070	17,637,415	17,627,253	17,566,979	17,512,545
45	DISTRIBUTION PLANT	52,374,055	49,524,748	45,251,782	42,576,656	40,996,901
46	GENERAL PLANT	-	-	-	32,758	32,758
47	GAS PLANT PURCHASED OR SOLD	-	-	-	-	-
48	EXPERIMENTAL GAS PLANT UNCLASSIFIED	-	-	-	-	-
49	GAS STORED UNDERGROUND NON-CURRENT	-	-	-	-	-
50	TOTAL GAS PLANT IN SERVICE	73,334,654	70,097,910	65,868,096	61,886,359	60,151,978
51	PLANT LEASED TO OTHERS	-	-	-	-	-
52	PLANT HELD FOR FUTURE USE	-	-	-	-	-
53	CONSTRUCTION WORK IN PROGRESS	4,845,496	2,417,205	2,472,978	2,318,078	1,223,534
54	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
55	TOTAL GAS UTILITY PLANT	78,180,150	72,515,115	68,341,074	64,204,437	61,375,512
56	ACCUM. PROV. FOR DEPR. AND AMORT.	28,316,565	26,806,892	25,635,882	23,237,386	20,642,422
57	NET GAS UTILITY PLANT	49,863,585	45,708,223	42,705,192	40,967,051	40,733,090
	PLANT IN SERVICE:					
58	BEGINNING OF YEAR	70,097,910	65,868,096	61,886,359	60,151,978	58,321,374
59	ADDITIONS	3,395,856	4,640,299	4,171,269	1,859,254	2,081,301
60	RETIREMENTS	159,112	409,769	189,532	124,873	250,697
61	TRANSFERS AND ADJUSTMENTS	-	716-	-	-	-
62	END OF YEAR	$ 73,334,654	$ 70,097,910	$ 65,868,096	$ 61,886,359	$ 60,151,978

*EXCLUDES ALLOCATION OF COMMON PLANT

CENTRAL HUDSON GAS & ELECTRIC CORPORATION
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON STOCK ISSUED	$ 236,079,253	$ 279,684,880	$ 214,464,067	$ 184,815,765	$ 156,927,223	1
PREFERRED STOCK ISSUED	81,030,000	81,030,000	81,030,000	81,030,000	81,030,000	2
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	3
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	4
PREMIUM ON CAPITAL STOCK	66,780	66,780	66,780	66,780	66,780	5
OTHER PAID-IN CAPITAL	50,000,000	-	-	-	-	6
INSTALLMENTS REC'D ON CAPITAL STOCK	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	5,435,621-	4,624,918-	4,302,983-	4,039,712-	3,839,759-	8
RETAINED EARNINGS	11,414,832	164,414,239	145,374,845	125,751,423	109,935,474	9
UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS	115,255	318,370	481,654	561,857	559,234	10
REACQUIRED CAPITAL STOCK	-	-	-	-	-	11
TOTAL PROPRIETARY CAPITAL	373,270,499	520,889,351	437,114,363	388,186,113	344,678,952	12
BONDS (LESS BONDS REACQUIRED)	292,500,000	327,400,000	332,400,000	312,400,000	278,400,000	13
ADVANCES FROM ASSOCIATED COMPANIES	-	-	-	-	-	14
OTHER LONG-TERM DEBT	155,925,000	112,500,000	112,675,000	40,600,000	7,375,000	15
NET UNAMORTIZED PREMIUM + DISCOUNT	292,199-	399,488-	537,038-	607,982-	678,926-	16
TOTAL LONG TERM DEBT	448,132,801	439,500,512	444,537,962	352,392,018	285,096,074	17
NOTES PAYABLE	4,000,000	-	-	-	23,000,000	18
ACCOUNTS PAYABLE	22,437,348	27,233,558	22,258,926	26,849,501	23,079,904	19
PAYABLES TO ASSOCIATED COMPANIES	-	-	-	-	-	20
CUSTOMER DEPOSITS	2,890,296	2,808,722	2,688,436	2,478,924	2,677,244	21
TAXES ACCRUED	11,817,829	4,965,968	5,018,646	5,194,519	3,696,425	22
INTEREST ACCRUED	7,525,559	8,055,053	8,884,918	7,321,709	6,533,494	23
DIVIDENDS DECLARED	7,570,402	11,793,920	10,456,918	9,430,658	8,123,914	24
TAX COLLECTIONS PAYABLE	583,119	587,318	652,195	692,550	665,697	25
OTHER CURRENT AND ACCRUED LIABILITIES	25,131,638	12,720,852	7,205,101	11,551,218	8,920,170	26
TOTAL CURRENT AND ACCRUED LIABILITIES	81,956,191	68,165,391	57,165,140	63,519,079	76,696,848	27
CUSTOMER ADVANCES FOR CONSTRUCTION	1,008,631	699,689	694,970	681,529	787,666	28
DEFERRED GAINS FROM DISPOSITION OF UTILITY PLANT	-	-	-	-	-	29
ACCUM. DEFERRED INVESTMENT TAX CREDITS	31,119,700	34,129,000	35,438,000	27,647,000	20,093,000	30
OTHER DEFERRED CREDITS	73,294,529	56,474,666	27,826,565	12,773,999	5,663,471	31
ACCUMULATED DEFERRED INCOME TAXES:						
ACCELERATED AMORTIZATION	-	-	-	-	-	32
LIBERALIZED DEPRECIATION	34,554,500	23,527,300	19,774,600	16,597,700	13,666,200	33
OTHER	17,962,350	18,794,300	16,097,900	15,573,100	15,144,000	34
TOTAL DEFERRED CREDITS	157,939,710	133,624,955	99,832,035	73,273,328	56,354,337	35
PROPERTY INSURANCE RESERVE	-	-	-	166,925	104,200	36
INJURIES AND DAMAGE RESERVES	1,941,543	1,962,483	1,688,039	1,736,439	1,450,032	37
PENSION AND BENEFITS RESERVE	-	-	-	-	-	38
MISCELLANEOUS OPERATING RESERVES	-	-	-	-	-	39
TOTAL OPERATING RESERVES	1,941,543	1,962,483	1,688,039	1,903,364	1,554,232	40
TOTAL LIABILITIES AND OTHER CREDITS	$ 1,063,240,744	$ 1,164,142,692	$ 1,040,337,539	$ 879,273,902	$ 764,380,443	41
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS / BY CURRENT LIABILITIES	1.00	1.89	2.74	1.78	1.23	42
PERCENT OF CAPITALIZATION:						
LONG-TERM DEBT	54.5	45.7	50.4	47.5	45.2	43
PREFERRED STOCK	9.8	8.4	9.1	10.9	12.8	44
COMMON STOCK AND OTHER PAID-IN CAPITAL	34.1	28.6	23.8	24.4	24.4	45
RETAINED EARNINGS	1.3	17.1	16.4	16.9	17.4	46
LONG-TERM DEBT: % OF GROSS UTILITY PLANT	40.9	36.8	42.1	37.9	34.7	47
ACCUM. PROV. FOR DEPR.: % OF UTILITY PLT.	24.0	21.2	22.8	24.2	25.5	48

CENTRAL HUDSON GAS & ELECTRIC CORPORATION
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO		1987	1986	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL:					
1	NET INCOME	$ 8,469,420-	$ 64,884,433	$ 59,672,323	$ 51,136,869	$ 40,235,834
2	DEPRECIATION AND AMORTIZATION	28,163,145	24,893,611	24,249,558	22,531,271	20,524,230
3	DEFERRED INCOME TAXES - NET	21,844,300	509,400	10,712,700	10,055,900	9,934,584
4	INTEREST CAPITALIZED	4,976,025-	31,724,945-	26,432,772-	21,921,590-	16,428,513-
5	OTHER (NET)	158,932,109	11,140,493	3,819,486	5,354,460	2,998,590
6	SUBTOTAL	195,494,109	69,702,992	72,021,295	67,156,910	57,264,725
7	EXTRAORDINARY ITEMS	101,475,000-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	94,019,109	69,702,992	72,021,295	67,156,910	57,264,725
9	LESS DIVIDENDS: PREFERRED	5,592,366	5,614,366	6,184,367	6,458,368	5,783,289
10	COMMON	37,665,736	40,393,957	33,944,737	28,859,929	23,479,636
11	NET FUNDS - INTERNAL SOURCES	50,761,007	23,694,669	31,892,191	31,838,613	28,001,800
	EXTERNAL:					
12	LONG TERM DEBT	43,600,000	50,000,000	92,250,000	78,400,000	-
13	PREFERRED STOCK	-	-	-	-	20,000,000
14	COMMON STOCK	6,394,373	65,220,813	29,648,302	27,888,542	25,927,299
15	NET INCREASE IN SHORT TERM DEBT	4,000,000	-	-	-	-
16	OTHER (NET)	14,487,519	35,668,304	46,005,491-	4,975,387-	3,448,962
17	TOTAL FUNDS - EXTERNAL SOURCES	68,481,892	150,889,117	75,892,811	101,313,155	49,376,261
	OTHER SOURCES:					
18	NET DECREASE IN WORKING CAPITAL	42,447,374	28,796,158	-	-	-
19	OTHER	-	-	-	-	-
20	TOTAL FUNDS PROVIDED	$ 161,690,273	$ 203,379,944	$ 107,785,002	$ 133,151,768	$ 77,378,061
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES:					
21	GAS PLANT	$ 6,406,126	$ 5,288,121	$ 4,908,251	$ 3,645,673	$ 2,243,255
22	LIQUEFIED NATURAL GAS PLANT	-	-	-	-	-
23	NON-UTILITY	-	-	-	-	-
24	OTHER	94,285,448	165,893,815	125,010,622	108,622,870	82,129,250
25	TOTAL CONSTRUCTION	100,691,574	171,181,936	129,918,873	112,268,543	84,372,505
26	LESS INTEREST CAPITALIZED	4,976,025	31,724,945	26,432,772	21,921,590	16,428,513
27	TOTAL EXCLUDING INTEREST CAPITALIZED	95,715,549	139,456,991	103,486,101	90,346,953	67,943,992
	RETIREMENT OF SECURITIES:					
28	LONG TERM DEBT	35,075,000	55,175,000	175,000	11,175,000	175,000
29	PREFERRED STOCK	-	-	-	-	-
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	-	-	23,000,000	3,500,000
32	OTHER (NET)	-	-	-	-	-
34	TOTAL RETIREMENT OF SECURITIES	35,075,000	55,175,000	175,000	34,175,000	3,675,000
	OTHER USES:					
35	NET INCREASE IN WORKING CAPITAL	-	-	3,554,669	4,206,846	169,187
36	OTHER (NET)	30,899,724	8,747,953	569,232	4,422,969	5,589,882
37	TOTAL FUNDS APPLIED	$ 161,690,273	$ 203,379,944	$ 107,785,002	$ 133,151,768	$ 77,378,061

CENTRAL HUDSON GAS & ELECTRIC CORPORATION
COMPARATIVE STATEMENTS OF INCOME AND RETAINED EARNINGS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM		1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS							
GAS OPERATING INCOME							
OPERATING REVENUES	$	54,126,259 $	61,447,651 $	68,149,942 $	68,328,561 $	61,967,974	1
OPERATION AND MAINTENANCE EXPENSE		38,366,960	43,521,112	49,067,860	48,630,967	49,241,029	2
DEPRECIATION EXPENSE		2,142,288	2,015,236	2,994,536	3,057,428	1,847,093	3
AMORTIZATION		3,450	3,482	14	-	1,508	4
TAXES OTHER THAN INCOME TAXES		6,014,047	5,993,373	6,006,220	5,926,804	5,280,285	5
INCOME TAXES		2,340,000	2,734,000	3,454,000	3,548,000	309,000	6
PROVISION FOR DEFERRED INCOME TAXES		1,125,800	1,462,300	1,491,400	1,780,000	1,493,300	7
INCOME TAXES DEFERRED IN PRIOR YEARS-CR		1,268,200-	1,007,900-	1,272,100-	1,137,300-	735,500-	8
MISC. ADJUSTMENTS OF INCOME TAXES		416,600	-	-	-	-	9
GAINS FROM DISPOSITION OF UTILITY PLT		-	-	-	-	-	10
LOSSES FROM DISPOSITION OF UTILITY PLT		-	-	-	-	-	11
TOTAL OPERATING EXPENSES		49,140,945	54,721,603	61,741,930	61,805,899	57,436,713	12
NET OPERATING REVENUES		4,985,314	6,726,048	6,408,012	6,522,662	4,531,261	13
INC. - LEASED PLT. & OTHER OPER. INC.		-	-	-	-	-	14
GAS OPERATING INCOME		4,985,314	6,726,048	6,408,012	6,522,662	4,531,261	15
OTHER UTILITY OPERATING INCOME		75,525,567	64,997,201	62,950,521	53,790,651	48,095,920	16
TOTAL UTILITY OPERATING INCOME		80,510,881	71,723,249	69,358,533	60,313,313	52,627,181	17
OTHER INCOME							
MERCH., JOBBING AND CONTRACT WORK		12,018-	8,412	3,464-	67,201	9,871	18
INCOME FROM NONUTILITY OPERATIONS		-	-	-	-	-	19
NONOPERATING RENTAL INCOME		6,773	29,502	188-	-	-	20
EQUITY IN EARNINGS OF SUBSIDIARY CO'S		203,115-	163,284-	80,203-	2,623	73,239	21
INTEREST AND DIVIDEND INCOME		741,086	1,511,317	739,952	643,807	180,670	22
ALLOWANCE FOR CONSTRUCTION FUNDS		4,976,025	31,724,945	26,432,772	21,921,590	16,428,513	23
MISCELLANEOUS NONOPERATING INCOME		2,349,447	319,112-	762,778-	410,310	161,361-	24
GAIN ON DISPOSITION OF PROPERTY		11,636	3,688	720	-	41,157	25
TOTAL OTHER INCOME		7,869,834	32,795,468	26,326,811	23,045,531	16,572,089	26
TOTAL INCOME		88,380,715	104,518,717	95,685,344	83,358,844	69,199,270	27
INCOME DEDUCTIONS							
TAXES OTHER THAN INC. TAXES-NONOPERATING		40,566	36,674	17,235	16,238	11,203	28
INCOME TAXES-NONOPERATING		12,884,500-	6,690,300-	6,570,300-	4,964,500-	4,605,000-	29
LOSS ON DISPOSITION OF PROPERTY		64,897,765	-	28,777	4,630	52,369	30
MISCELLANEOUS AMORTIZATION		-	-	-	-	-	31
MISCELLANEOUS INCOME DEDUCTIONS		631,651	662,736	452,117	482,136	468,521	32
TOTAL INCOME DEDUCTIONS		52,685,482	5,990,890-	6,072,171-	4,461,496-	4,072,917-	33
INCOME BEFORE INTEREST CHARGES		35,695,233	110,509,607	101,757,515	87,820,340	73,272,187	34
INTEREST CHARGES							
INTEREST ON LONG-TERM DEBT		40,630,881	43,330,897	40,420,583	34,334,725	30,039,337	35
AMORT. OF DEBT DISCOUNT + EXPENSE		1,080,170	681,509	432,521	374,251	335,040	36
AMORT. OF PREMIUM ON DEBT-CREDIT		24,192-	24,198-	24,192-	24,192-	24,192-	37
INTEREST ON DEBT TO ASSOCIATED COMPANIES		-	-	-	-	-	38
OTHER INTEREST EXPENSE		2,477,794	1,636,966	1,256,280	1,998,687	2,686,168	39
TOTAL INTEREST CHARGES		44,164,653	45,625,174	42,085,192	36,683,471	33,036,353	40
INCOME BEFORE EXTRAORDINARY ITEMS		8,469,420-	64,884,433	59,672,323	51,136,869	40,235,834	41
EXTRAORDINARY ITEMS - NET		101,475,000-	-	-	-	-	42
NET INCOME	$	109,944,420-$	64,884,433 $	59,672,323 $	51,136,869 $	40,235,834	43
RETAINED EARNINGS							
BEGINNING OF YEAR	$	164,414,239 $	145,374,845 $	125,751,423 $	109,935,474 $	99,035,804	44
BALANCE TRANSFERRED FROM INCOME		109,741,305-	65,047,717	59,752,526	51,134,246	40,162,595	45
APPROPRIATIONS		-	-	-	-	-	46
DIVIDENDS DECLARED-PREFERRED STOCK		5,592,366	5,614,366	6,184,367	6,458,368	5,783,289	47
-COMMON STOCK		37,665,736	40,393,957	33,944,737	28,859,929	23,479,636	48
ADJUSTMENTS		-	-	-	-	-	49
BALANCE END OF YEAR		11,414,832	164,414,239	145,374,845	125,751,423	109,935,474	50
APPROPRIATED RETAINED EARNINGS		-	-	-	-	-	51
UNDISTRIBUTED SUBSIDIARY EARNINGS		115,255	318,370	481,654	561,857	559,234	52
TOTAL END OF YEAR	$	11,530,087 $	164,732,609 $	145,856,499 $	126,313,280 $	110,494,708	53
SELECTED INCOME ACCOUNT RELATIONSHIPS							
GAS OPERATING REVENUES							
% OF TOTAL OPERATING REVENUES		12.6	14.0	13.5	13.0	13.0	54
NET INCOME-PERCENT OF OPERATING REVENUES		13.8*	16.7	11.8	9.7	8.4	55
PRETAX COVERAGE OF INTEREST CHARGES		1.2	3.1	3.2	3.2	2.8	56
COMMON STOCK DIVIDENDS AS A % OF EARNINGS		70.1*	68.1	63.4	64.5	68.1	57
RETURN ON COMMON EQUITY		14.7*	16.8	16.1	15.6	14.0	58

*Ratios shown here are based on what the income would have been before the Nine-Mile 2 Plant write-off. See the Table "NINE-MILE 2 AND OTHER WRITE-OFFS" in the Electric Narrative Section for the impact on Net Income.

CENTRAL HUDSON GAS & ELECTRIC CORPORATION
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	REVENUES:					
1	RESIDENTIAL	$ 27,890,672	$ 29,851,629	$ 29,005,727	$ 29,075,760	$ 27,510,481
2	COMMERCIAL AND INDUSTRIAL	21,206,210	24,260,378	30,334,911	32,398,428	27,077,337
3	OTHER SALES TO PUBLIC AUTHORITIES	3,691,789	4,173,885	4,540,105	3,935,853	3,781,060
4	INTERDEPARTMENTAL	468,297	1,800,556	864,197	585,416	1,436,810
5	TOTAL REVENUES - ULTIMATE CONSUMERS	53,256,968	60,086,448	64,744,940	65,995,457	59,805,688
6	RESALE	-	-	-	-	-
7	TOTAL REVENUES FROM SALES OF GAS	53,256,968	60,086,448	64,744,940	65,995,457	59,805,688
8	OTHER GAS OPERATING REVENUES	869,291	1,361,203	3,405,002	2,333,104	2,162,286
9	TOTAL GAS OPERATING REVENUES	$ 54,126,259	$ 61,447,651	$ 68,149,942	$ 68,328,561	$ 61,967,974
	GAS SALES (MCF):					
10	RESIDENTIAL	3,948,495	3,828,536	3,539,676	3,743,743	3,440,899
11	COMMERCIAL AND INDUSTRIAL	4,227,751	4,222,913	5,081,575	5,604,457	4,228,063
12	OTHER SALES TO PUBLIC AUTHORITIES	803,974	799,522	816,238	731,879	613,847
13	INTERDEPARTMENTAL	104,395	314,684	154,891	116,830	217,160
14	TOTAL SALES TO ULTIMATE CONSUMERS	9,084,616	9,165,657	9,592,381	10,196,909	8,499,969
15	RESALE	-	-	-	-	-
16	TOTAL GAS SALES	9,084,616	9,165,657	9,592,381	10,196,909	8,499,969
	CUSTOMERS - AVERAGE PER MONTH:					
17	RESIDENTIAL	46,339	44,945	43,879	43,101	42,518
18	COMMERCIAL AND INDUSTRIAL	5,195	4,839	4,485	4,289	4,165
19	OTHER SALES TO PUBLIC AUTHORITIES	416	381	360	346	341
20	INTERDEPARTMENTAL	1	1	1	1	1
21	TOTAL ULTIMATE CONSUMERS	51,951	50,166	48,725	47,737	47,025
22	RESALE	-	-	-	-	-
23	TOTAL CUSTOMERS	51,951	50,166	48,725	47,737	47,025

GAS OPERATING REVENUE RELATIONSHIPS

LINE NO	ITEM	1987	1986	1985	1984	1983
	RESIDENTIAL SALES:					
24	AVERAGE ANNUAL BILL PER CUSTOMER	$ 601.88	$ 664.16	$ 661.04	$ 674.60	$ 647.03
25	AVERAGE MCF CONSUMPTION PER CUSTOMER	85	85	81	87	81
26	AVERAGE REVENUE PER MCF SOLD	$ 7.06	$ 7.80	$ 8.19	$ 7.77	$ 8.00
	COMMERCIAL AND INDUSTRIAL SALES:					
27	AVERAGE ANNUAL BILL PER CUSTOMER	$ 4,082.04	$ 5,013.51	$ 6,763.64	$ 7,553.84	$ 6,501.16
28	AVERAGE MCF CONSUMPTION PER CUSTOMER	814	873	1,133	1,307	1,015
29	AVERAGE REVENUE PER MCF SOLD	$ 5.02	$ 5.74	$ 5.97	$ 5.78	$ 6.40

GAS OPERATION AND MAINTENANCE EXPENSES

LINE NO	ITEM	1987	1986	1985	1984	1983
	PRODUCTION EXPENSES:					
	MANUFACTURED GAS					
30	STEAM	-	-	-	-	-
31	MANUFACTURED GAS	173,050	182,772	181,788	178,052	172,463
	NATURAL GAS					
32	PRODUCTION AND GATHERING	-	-	-	-	-
33	EXPLORATION AND DEVELOPMENT					
	OTHER GAS SUPPLY EXPENSES					
34	PURCHASED GAS	40,635,320	34,294,015	57,440,839	58,532,705	52,811,317
35	OTHER	13,461,963-	871,324-	17,099,117-	18,452,358-	11,726,415-
36	TOTAL PRODUCTION EXPENSE	27,346,407	33,605,463	40,523,510	40,258,399	41,257,365
	NATURAL GAS STORAGE EXPENSES					
37	UNDERGROUND STORAGE EXPENSES	1,997	2,147	1,013	2,144	1,187
38	OTHER STORAGE EXPENSES	645	1,384	716	1,368	141
39	TOTAL NATURAL GAS STORAGE EXPENSE	2,642	3,531	1,729	3,512	1,328
40	TRANSMISSION EXPENSES	661,797	631,438	530,791	723,131	734,911
41	DISTRIBUTION EXPENSES	4,032,534	3,589,614	3,148,562	2,888,761	2,879,717
42	CUSTOMER ACCOUNTS EXPENSES	1,338,172	1,257,325	1,244,033	1,252,387	1,186,198
43	SALES EXPENSES	641,392	423,700	400,894	333,873	276,810
44	ADMINISTRATIVE AND GENERAL EXPENSES	4,344,016	4,010,041	3,218,341	3,170,904	2,904,700
45	TOTAL O & M EXPENSES	$ 38,366,960	$ 43,521,112	$ 49,067,860	$ 48,630,967	$ 49,241,029

CENTRAL HUDSON GAS & ELECTRIC CORPORATION
DISTRIBUTION OF GAS REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
REVENUES	$ 54,126,259	$ 61,447,651	$ 68,149,942	$ 68,328,561	$ 61,967,974	1
SALES (MCF)	9,084,616	9,165,657	9,592,381	10,196,909	8,499,969	2
			DOLLAR AMOUNTS			
PURCHASED GAS & OTHER SUPPLY EXPENSE	$ 27,173,357	$ 33,422,691	$ 40,341,722	$ 40,080,347	$ 41,084,902	3
WAGES AND BENEFITS	6,940,866	6,471,370	5,866,987	5,618,288	5,432,808	4
OTHER OPERATION AND MAINTENANCE EXPENSES	4,252,737	3,627,051	2,859,151	2,932,332	2,723,319	5
DEPRECIATION AND AMORTIZATION EXPENSES	2,145,738	2,018,718	2,994,550	3,057,428	1,848,599	6
INCOME TAXES - OPERATING	2,614,200	3,188,400	3,673,300	4,190,700	1,066,800	7
OTHER TAXES - OPERATING	6,014,047	5,993,373	6,006,220	5,926,804	5,280,285	8
*INTEREST CHARGES **	2,187,947	5,927,221	5,446,928	4,760,775	4,290,015	9
*PREFERRED DIVIDENDS **	347,943	282,174	330,933	388,838	400,524	10
EARNINGS AVAILABLE FOR COMMON EQUITY	2,449,424	516,653	630,151	1,373,049	159,278-	11
TOTAL	$ 54,126,259	$ 61,447,651	$ 68,149,942	$ 68,328,561	$ 61,967,974	12
			PERCENT OF REVENUES			
PURCHASED GAS & OTHER SUPPLY EXPENSE	50.2	54.4	59.2	58.7	66.3	13
WAGES AND BENEFITS	12.8	10.5	8.6	8.2	8.8	14
OTHER OPERATION AND MAINTENANCE EXPENSES	7.9	5.9	4.2	4.3	4.4	15
DEPRECIATION AND AMORTIZATION EXPENSES	4.0	3.3	4.4	4.5	3.0	16
INCOME TAXES - OPERATING	4.8	5.2	5.4	6.1	1.7	17
OTHER TAXES - OPERATING	11.1	9.8	8.8	8.7	8.5	18
*INTEREST CHARGES **	4.0	9.6	8.0	7.0	6.9	19
*PREFERRED DIVIDENDS **	0.6	0.5	0.5	0.6	0.6	20
EARNINGS AVAILABLE FOR COMMON EQUITY	4.5	0.8	0.9	2.0	0.2-	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
			DOLLARS PER MCF			
PURCHASED GAS & OTHER SUPPLY EXPENSE	$ 2.99	$ 3.65	$ 4.21	$ 3.93	$ 4.83	23
WAGES AND BENEFITS	0.76	0.71	0.61	0.55	0.64	24
OTHER OPERATION AND MAINTENANCE EXPENSES	0.47	0.40	0.30	0.29	0.32	25
DEPRECIATION AND AMORTIZATION EXPENSES	0.24	0.22	0.31	0.30	0.22	26
INCOME TAXES - OPERATING	0.29	0.35	0.38	0.41	0.13	27
OTHER TAXES - OPERATING	0.66	0.65	0.63	0.58	0.62	28
*INTEREST CHARGES **	0.24	0.65	0.57	0.47	0.50	29
*PREFERRED DIVIDENDS **	0.04	0.03	0.03	0.04	0.05	30
EARNINGS AVAILABLE FOR COMMON EQUITY	0.27	0.06	0.07	0.13	0.01-	31
TOTAL	$ 5.96	$ 6.70	$ 7.10	$ 6.70	$ 7.29	32
*STARRED ITEMS ARE ALLOCATED TO GAS OPERATIONS BASED ON THE RATIO OF NET GAS PLANT TO NET TOTAL PLANT LESS NET COMMON PLANT AT DECEMBER 31- STATED AS PERCENTS	6.26	5.04	5.45	6.06	6.95	33

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COLUMBIA GAS OF NEW YORK, INC.
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF GAS PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO.	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	GAS UTILITY PLANT	$ 49,325,412	$ 44,936,845	$ 40,353,910	$ 36,959,119	$ 34,871,509
2	ACCUM. PROV. FOR DEPR. AND AMORT.	13,565,457	12,964,664	12,267,340	11,570,851	10,970,214
3	NET GAS UTILITY PLANT	35,759,955	31,972,181	28,086,570	25,388,268	23,901,295
4	OTHER UTILITY PLANT	-	-	-	-	-
5	ACCUM. PROV. FOR DEPR. AND AMORT.	-	-	-	-	-
6	NET OTHER UTILITY PLANT	-	-	-	-	-
7	TOTAL UTILITY PLANT	49,325,412	44,936,845	40,353,910	36,959,119	34,871,509
8	ACCUM. PROV. FOR DEPR. AND AMORT.	13,565,457	12,964,664	12,267,340	11,570,851	10,970,214
9	NET TOTAL UTILITY PLANT	35,759,955	31,972,181	28,086,570	25,388,268	23,901,295
10	NONUTILITY PROPERTY LESS ACCUM. PROV. FOR DEPR. AND AMORT.	-	-	-	-	-
11	INVESTMENT IN ASSOCIATED COMPANIES	-	-	-	-	-
12	INVESTMENT IN SUBSIDIARY COMPANIES	-	-	-	-	-
13	OTHER INVESTMENTS	-	-	-	-	-
14	SPECIAL FUNDS	-	-	-	-	-
15	TOTAL OTHER PROPERTY AND INVESTMENTS	-	-	-	-	-
16	CASH	35,424	478,415	388,452	553,894	264,466
17	SPECIAL DEPOSITS	-	-	-	-	-
18	WORKING FUNDS	17,750	17,750	17,750	17,750	17,750
19	TEMPORARY CASH INVESTMENTS	-	-	-	-	-
20	NOTES & ACCTS. RECEIVABLE LESS ACCUM. PROV. FOR UNCOLLECTIBLE ACCOUNTS	5,325,012	5,934,531	5,479,754	5,535,632	7,272,466
21	RECEIVABLES - ASSOCIATED COMPANIES	292,977	49,052	26,716	47,255	33,805
22	MATERIALS AND SUPPLIES	753,078	686,516	673,171	682,464	699,080
23	GAS STORED UNDERGROUND - CURRENT	-	-	-	-	-
24	LIQUEFIED NATURAL GAS IN STORAGE	-	-	-	-	-
25	PREPAYMENTS	4,730,872	5,926,238	5,103,159	4,098,063	6,472,179
26	OTHER CURRENT AND ACCRUED ASSETS	3,013,461	4,336,628	4,534,665	4,238,254	5,523,567
27	TOTAL CURRENT AND ACCRUED ASSETS	14,168,574	17,429,130	16,223,667	15,173,312	20,283,313
28	UNAMORTIZED DEBT EXPENSE	-	-	-	-	-
29	EXTRAORDINARY PROPERTY LOSSES	-	-	-	-	-
30	PREL. SURVEY & INVESTIGATION CHARGES	11,694	23,933	-	-	7,787
31	CLEARING ACCOUNTS	8,816	2,159-	654-	16,464	19,717-
32	DEFERRED LOSSES - DISP. OF UTILITY PLANT	-	-	-	-	-
33	RESEARCH AND DEVELOPEMENT	9,481	8,204	7,029	16,683	9,084
34	ACCUM. DEFERRED INCOME TAXES	1,575,666	1,683,356	1,728,405	1,609,834	2,155,473
35	OTHER DEFERRED DEBITS	931,736-	987,768	280,118	813,760-	1,140,493
36	TOTAL DEFERRED DEBITS	673,921	2,701,102	2,014,898	829,221	3,293,120
37	TOTAL ASSETS AND OTHER DEBITS	$ 50,602,450	$ 52,102,413	$ 46,325,135	$ 41,390,801	$ 47,477,728
	GAS UTILITY PLANT*					
38	INTANGIBLE PLANT	$ 42,545	$ 37,100	$ 28,865	$ 28,865	$ 28,865
	PRODUCTION PLANT:					
39	MANUFACTURED GAS PLANT	2,009,291	1,998,701	1,506,704	1,467,763	1,455,323
40	NATURAL GAS PLANT	804,430	804,431	804,431	804,431	804,431
41	NATURAL GAS STORAGE PLANT					
42	UNDERGROUND STORAGE PLANT	-	-	-	-	-
43	OTHER STORAGE PLANT	-	-	-	-	-
44	TRANSMISSION PLANT	-	-	-	-	-
45	DISTRIBUTION PLANT	43,926,532	39,512,667	35,885,763	33,171,287	31,073,365
46	GENERAL PLANT	1,516,549	1,543,836	1,361,698	1,319,748	1,343,022
47	GAS PLANT PURCHASED OR SOLD	-	-	-	-	-
48	EXPERIMENTAL GAS PLANT UNCLASSIFIED	-	-	-	-	-
49	GAS STORED UNDERGROUND NON-CURRENT	-	-	-	-	-
50	TOTAL GAS PLANT IN SERVICE	48,299,347	43,896,735	39,587,461	36,792,094	34,705,006
51	PLANT LEASED TO OTHERS	-	-	-	-	-
52	PLANT HELD FOR FUTURE USE	-	-	-	-	-
53	CONSTRUCTION WORK IN PROGRESS	1,026,065	1,040,109	766,449	167,025	166,503
54	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
55	TOTAL GAS UTILITY PLANT	49,325,412	44,936,845	40,353,910	36,959,119	34,871,509
56	ACCUM. PROV. FOR DEPR. AND AMORT.	13,565,457	12,964,664	12,267,340	11,570,851	10,970,214
57	NET GAS UTILITY PLANT	35,759,955	31,972,181	28,086,570	25,388,268	23,901,295
	PLANT IN SERVICE:					
58	BEGINNING OF YEAR	43,896,735	39,587,461	36,792,094	34,705,006	32,867,876
59	ADDITIONS	4,956,115	4,705,170	3,053,052	2,382,342	2,098,226
60	RETIREMENTS	553,502	395,896	257,685	295,254	261,096
61	TRANSFERS AND ADJUSTMENTS	1-	-	-	-	-
62	END OF YEAR	$ 48,299,347	$ 43,896,735	$ 39,587,461	$ 36,792,094	$ 34,705,006

*EXCLUDES ALLOCATION OF COMMON PLANT

COLUMBIA GAS OF NEW YORK, INC.
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
LIABILITIES AND OTHER CREDITS						
COMMON STOCK ISSUED	$ 4,650,000	$ 4,650,000	$ 4,650,000	$ 4,650,000	$ 4,650,000	1
PREFERRED STOCK ISSUED	-	-	-	-	-	2
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	3
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	4
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	5
OTHER PAID-IN CAPITAL	1,275,736	1,275,736	1,275,736	1,275,736	1,275,736	6
INSTALLMENTS REC'D ON CAPITAL STOCK	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	5,715,305	5,323,873	4,954,303	5,157,571	5,313,746	9
UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS	-	-	-	-	-	10
REACQUIRED CAPITAL STOCK	-	-	-	-	-	11
TOTAL PROPRIETARY CAPITAL	11,641,041	11,249,609	10,880,039	11,083,307	11,239,482	12
BONDS (LESS BONDS REACQUIRED)	-	-	-	-	-	13
ADVANCES FROM ASSOCIATED COMPANIES	14,564,799	11,647,373	12,300,614	10,923,521	10,686,428	14
OTHER LONG-TERM DEBT	-	-	-	-	-	15
NET UNAMORTIZED PREMIUM • DISCOUNT	-	-	-	-	-	16
TOTAL LONG TERM DEBT	14,564,799	11,647,373	12,300,614	10,923,521	10,686,428	17
NOTES PAYABLE	-	-	-	-	-	18
ACCOUNTS PAYABLE	2,692,214	1,629,488	568,865	184,542	25,222	19
PAYABLES TO ASSOCIATED COMPANIES	12,131,215	17,074,980	11,493,879	10,964,131	15,373,102	20
CUSTOMER DEPOSITS	225,987	251,951	275,755	204,310	192,349	21
TAXES ACCRUED	1,447,183	31,798-	228,366-	539,125	84,571-	22
INTEREST ACCRUED	29,227	253,563	149,813	64,426	138,930	23
DIVIDENDS DECLARED	-	-	-	-	-	24
TAX COLLECTIONS PAYABLE	181,059	174,644	202,459	170,482	170,490	25
OTHER CURRENT AND ACCRUED LIABILITIES	1,623,100	2,395,127	4,090,804	2,718,663	3,726,377	26
TOTAL CURRENT AND ACCRUED LIABILITIES	18,329,985	21,747,955	16,553,209	14,845,679	19,541,899	27
CUSTOMER ADVANCES FOR CONSTRUCTION	365,121	267,886	167,625	59,104	73,477	28
DEFERRED GAINS FROM DISPOSITION OF UTILITY PLANT	-	-	-	-	-	29
ACCUM. DEFERRED INVESTMENT TAX CREDITS	1,316,644	1,345,225	1,307,604	1,092,996	913,999	30
OTHER DEFERRED CREDITS	980,930	733,115	456,048	340,139	302,389	31
ACCUMULATED DEFERRED INCOME TAXES						
ACCELERATED AMORTIZATION	-	-	-	-	-	32
LIBERALIZED DEPRECIATION	2,009,005	1,584,212	1,173,196	792,552	529,519	33
OTHER	1,378,725	3,517,038	3,397,800	2,237,388	4,186,022	34
TOTAL DEFERRED CREDITS	6,050,425	7,447,476	6,502,273	4,522,179	6,005,406	35
PROPERTY INSURANCE RESERVE	-	-	-	-	-	36
INJURIES AND DAMAGE RESERVES	16,200	10,000	89,000	16,115	4,513	37
PENSION AND BENEFITS RESERVE	-	-	-	-	-	38
MISCELLANEOUS OPERATING RESERVES	-	-	-	-	-	39
TOTAL OPERATING RESERVES	16,200	10,000	89,000	16,115	4,513	40
TOTAL LIABILITIES AND OTHER CREDITS	$ 50,602,450	$ 52,102,413	$ 46,325,135	$ 41,390,801	$ 47,477,728	41
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS / BY CURRENT LIABILITIES	0.77	0.80	0.98	1.02	1.04	42
PERCENT OF CAPITALIZATION						
LONG-TERM DEBT	55.5	50.8	53.0	49.6	48.7	43
PREFERRED STOCK	-	-	-	-	-	44
COMMON STOCK AND OTHER PAID-IN CAPITAL	22.6	25.8	25.5	26.9	27.0	45
RETAINED EARNINGS	21.8	23.2	21.3	23.4	24.2	46
LONG-TERM DEBT: % OF GROSS UTILITY PLANT	29.5	25.9	30.4	29.5	30.6	47
ACCUM. PROV. FOR DEPR.: % OF UTILITY PLT	27.5	28.8	30.3	31.3	31.4	48

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COLUMBIA GAS OF NEW YORK, INC
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO		1987	1986	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL					
1	NET INCOME	$ 791,332	$ 1,466,971	$ 931,332	$ 1,359,728	$ 1,414,862
2	DEPRECIATION AND AMORTIZATION	1,318,352	1,210,715	1,088,078	1,077,688	1,037,613
3	DEFERRED INCOME TAXES - NET	1,634,409-	612,922	1,637,093	960,965-	673,168
4	INTEREST CAPITALIZED	28,132-	55,179-	13,392-	10,648-	13,314-
5	OTHER (NET)	-	9,192-	95,537	36,000	15,900
6	SUBTOTAL	447,143	3,226,237	3,738,648	1,501,803	3,129,229
7	EXTRAORDINARY ITEMS	-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	447,143	3,226,237	3,738,648	1,501,803	3,129,229
9	LESS DIVIDENDS PREFERRED	-	-	-	-	-
10	COMMON	399,900	1,097,400	1,134,600	1,515,900	535,500
11	NET FUNDS - INTERNAL SOURCES	47,243	2,128,837	2,604,048	14,097-	2,593,729
	EXTERNAL					
12	LONG TERM DEBT	3,700,000	-	2,000,000	800,000	1,200,000
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	400,000
15	NET INCREASE IN SHORT TERM DEBT	-	7,139,999	80,000	-	620,000
16	OTHER (NET)	-	-	-	-	-
17	TOTAL FUNDS - EXTERNAL SOURCES	3,700,000	7,139,999	2,080,000	800,000	2,220,000
	OTHER SOURCES					
18	NET DECREASE IN WORKING CAPITAL	3,532,589	-	577,177	3,183,781	-
19	OTHER	2,270,758	377,327	224,431	23,377	121,761
20	TOTAL FUNDS PROVIDED	$ 9,550,590	$ 9,646,163	$ 5,485,656	$ 3,993,061	$ 4,935,490
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
21	GAS PLANT	$ 4,942,072	$ 4,552,656	$ 3,642,291	$ 2,382,867	$ 2,062,803
22	LIQUEFIED NATURAL GAS PLANT	-	-	-	-	-
23	NON-UTILITY	-	-	-	-	-
24	OTHER	164,058	543,668	144,089	181,796	190,167
25	TOTAL CONSTRUCTION	5,106,130	5,096,324	3,786,380	2,564,663	2,252,970
26	LESS INTEREST CAPITALIZED	28,132	55,179	13,392	10,648	13,314
27	TOTAL EXCLUDING INTEREST CAPITALIZED	5,077,998	5,041,145	3,772,988	2,554,015	2,239,656
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	782,575	653,241	622,907	562,907	520,240
29	PREFERRED STOCK	-	-	-	-	-
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	3,690,000	-	-	2,770,000	-
32	OTHER (NET)	-	-	-	-	-
34	TOTAL RETIREMENT OF SECURITIES	4,472,575	653,241	622,907	3,332,907	520,240
	OTHER USES					
35	NET INCREASE IN WORKING CAPITAL	-	3,150,722	-	-	305,824
36	OTHER (NET)	17	801,055	1,089,761	1,893,861-	1,869,770
37	TOTAL FUNDS APPLIED	$ 9,550,590	$ 9,646,163	$ 5,485,656	$ 3,993,061	$ 4,935,490

COLUMBIA GAS OF NEW YORK, INC.
COMPARATIVE STATEMENTS OF INCOME AND RETAINED EARNINGS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM		1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS							
GAS OPERATING INCOME							
OPERATING REVENUES	$	61,332,105 $	71,441,647 $	80,449,435 $	90,368,371 $	92,085,818	1
OPERATION AND MAINTENANCE EXPENSE		51,527,578	61,275,737	70,353,590	79,590,805	81,676,408	2
DEPRECIATION EXPENSE		1,272,392	1,145,556	1,042,338	969,384	916,902	3
AMORTIZATION		45,960	65,159	45,740	108,305	120,712	4
TAXES OTHER THAN INCOME TAXES		5,432,898	5,617,458	5,863,181	6,116,500	6,007,642	5
INCOME TAXES		1,390,714	33,829-	1,032,219-	2,329,713	2,706,630-	6
PROVISION FOR DEFERRED INCOME TAXES		895,044	1,451,671	1,553,834	1,141,640	2,026,793	7
INCOME TAXES DEFERRED IN PRIOR YEARS-CR		1,748,838-	593,514-	344,419	2,513,965-	1,594,828	8
MISC. ADJUSTMENTS OF INCOME TAXES		-	-	-	-	-	9
GAINS FROM DISPOSITION OF UTILITY PLT		-	-	-	-	-	10
LOSSES FROM DISPOSITION OF UTILITY PLT		-	-	-	-	-	11
TOTAL OPERATING EXPENSES		58,815,748	68,928,238	78,170,883	87,742,384	89,636,657	12
NET OPERATING REVENUES		2,516,357	2,513,409	2,278,552	2,625,987	2,449,161	13
INC. - LEASED PLT. & OTHER OPER. INC		-	-	-	-	-	14
GAS OPERATING INCOME		2,516,357	2,513,409	2,278,552	2,625,987	2,449,161	15
OTHER UTILITY OPERATING INCOME		-	-	-	-	-	16
TOTAL UTILITY OPERATING INCOME		2,516,357	2,513,409	2,278,552	2,625,987	2,449,161	17
OTHER INCOME							
MERCH., JOBBING AND CONTRACT WORK		-	-	-	-	-	18
INCOME FROM NONUTILITY OPERATIONS		-	-	-	-	-	19
NONOPERATING RENTAL INCOME		-	-	-	-	-	20
EQUITY IN EARNINGS OF SUBSIDIARY CO'S		-	-	-	-	-	21
INTEREST AND DIVIDEND INCOME		421,365-	443,373	41,492	52,177	79,523	22
ALLOWANCE FOR CONSTRUCTION FUNDS		28,132	55,180	13,392	10,648	13,314	23
MISCELLANEOUS NONOPERATING INCOME		-	-	-	-	-	24
GAIN ON DISPOSITION OF PROPERTY		-	-	-	-	-	25
TOTAL OTHER INCOME		393,233-	498,553	54,884	62,825	92,837	26
TOTAL INCOME		2,123,124	3,011,962	2,333,436	2,688,812	2,541,998	27
INCOME DEDUCTIONS							
TAXES OTHER THAN INC. TAXES-NONOPERATING		-	-	-	-	-	28
INCOME TAXES-NONOPERATING		29,671-	143,963	86,041	161,339	32,765	29
LOSS ON DISPOSITION OF PROPERTY		-	-	-	-	-	30
MISCELLANEOUS AMORTIZATION		-	-	-	-	-	31
MISCELLANEOUS INCOME DEDUCTIONS		11,645	20,070	19,014	10,772	13,237	32
TOTAL INCOME DEDUCTIONS		18,026-	164,033	105,055	172,111	46,002	33
INCOME BEFORE INTEREST CHARGES		2,141,150	2,847,929	2,228,381	2,516,701	2,495,996	34
INTEREST CHARGES							
INTEREST ON LONG-TERM DEBT		-	-	-	-	-	35
AMORT. OF DEBT DISCOUNT + EXPENSE		-	-	-	-	-	36
AMORT. OF PREMIUM ON DEBT-CREDIT		-	-	-	-	-	37
INTEREST ON DEBT TO ASSOCIATED COMPANIES		1,487,052	1,168,614	1,060,480	1,168,095	1,123,368	38
OTHER INTEREST EXPENSE		137,234-	212,344	236,569	11,120-	42,233-	39
TOTAL INTEREST CHARGES		1,349,818	1,380,958	1,297,049	1,156,975	1,081,135	40
INCOME BEFORE EXTRAORDINARY ITEMS		791,332	1,466,971	931,332	1,359,726	1,414,861	41
EXTRAORDINARY ITEMS - NET		-	-	-	-	-	42
NET INCOME	$	791,332 $	1,466,971 $	931,332 $	1,359,726 $	1,414,861	43
RETAINED EARNINGS							
BEGINNING OF YEAR	$	5,323,873 $	4,954,302 $	5,157,571 $	5,313,746 $	4,434,387	44
BALANCE TRANSFERRED FROM INCOME		791,332	1,466,971	931,332	1,359,726	1,414,861	45
APPROPRIATIONS		-	-	-	-	-	46
DIVIDENDS DECLARED-PREFERRED STOCK		-	-	-	-	-	47
-COMMON STOCK		399,900	1,097,400	1,134,600	1,515,900	535,500	48
ADJUSTMENTS		-	-	-	1-	2-	49
BALANCE END OF YEAR		5,715,305	5,323,873	4,954,303	5,157,571	5,313,746	50
APPROPRIATED RETAINED EARNINGS		-	-	-	-	-	51
UNDISTRIBUTED SUBSIDIARY EARNINGS		-	-	-	-	-	52
TOTAL END OF YEAR	$	5,715,305 $	5,323,873 $	4,954,303 $	5,157,571 $	5,313,746	53
SELECTED INCOME ACCOUNT RELATIONSHIPS							
GAS OPERATING REVENUES							
% OF TOTAL OPERATING REVENUES		100.0	100.0	100.0	100.0	100.0	54
NET INCOME-PERCENT OF OPERATING REVENUES		1.2	2.0	1.1	1.5	1.5	55
PRETAX COVERAGE OF INTEREST CHARGES		2.0	2.8	2.5	3.1	3.2	56
COMMON STOCK DIVIDENDS AS A % OF EARNINGS		50.5	74.8	121.8	111.4	37.8	57
RETURN ON COMMON EQUITY		6.9	13.2	8.4	12.1	13.3	58

COLUMBIA GAS OF NEW YORK, INC.
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	REVENUES					
1	RESIDENTIAL	$ 38,520,918	$ 42,634,131	$ 43,736,786	$ 48,751,324	$ 47,475,021
2	COMMERCIAL AND INDUSTRIAL	22,327,167	28,653,398	36,053,076	42,663,116	42,817,275
3	OTHER SALES TO PUBLIC AUTHORITIES	-	-	-	-	-
4	INTERDEPARTMENTAL	-	-	-	-	-
5	TOTAL REVENUES - ULTIMATE CONSUMERS	60,848,085	71,287,529	79,789,862	91,414,440	90,292,296
6	RESALE	-	-	-	-	-
7	TOTAL REVENUES FROM SALES OF GAS	60,848,085	71,287,529	79,789,862	91,414,440	90,292,296
8	OTHER GAS OPERATING REVENUES	484,020	154,118	659,573	1,046,069-	1,793,522
9	TOTAL GAS OPERATING REVENUES	$ 61,332,105	$ 71,441,647	$ 80,449,435	$ 90,368,371	$ 92,085,818
	GAS SALES (MCF)					
10	RESIDENTIAL	7,153,202	7,115,422	6,947,027	7,443,767	7,105,814
11	COMMERCIAL AND INDUSTRIAL	4,478,202	5,187,692	6,379,784	7,103,757	6,964,990
12	OTHER SALES TO PUBLIC AUTHORITIES	-	-	-	-	-
13	INTERDEPARTMENTAL	-	-	-	-	-
14	TOTAL SALES TO ULTIMATE CONSUMERS	11,631,404	12,303,114	13,326,811	14,547,524	14,070,804
15	RESALE	-	-	-	-	-
16	TOTAL GAS SALES	11,631,404	12,303,114	13,326,811	14,547,524	14,070,804
	CUSTOMERS - AVERAGE PER MONTH					
17	RESIDENTIAL	59,302	58,827	58,526	58,301	58,176
18	COMMERCIAL AND INDUSTRIAL	6,418	6,240	6,092	5,948	5,805
19	OTHER SALES TO PUBLIC AUTHORITIES	-	-	-	-	-
20	INTERDEPARTMENTAL	-	-	-	-	-
21	TOTAL ULTIMATE CONSUMERS	65,720	65,067	64,618	64,249	63,981
22	RESALE	-	-	-	-	-
23	TOTAL CUSTOMERS	65,720	65,067	64,618	64,249	63,981

GAS OPERATING REVENUE RELATIONSHIPS

LINE NO	ITEM	1987	1986	1985	1984	1983
	RESIDENTIAL SALES					
24	AVERAGE ANNUAL BILL PER CUSTOMER	$ 649.57	$ 724.74	$ 747.31	$ 836.20	$ 816.06
25	AVERAGE MCF CONSUMPTION PER CUSTOMER	121	121	119	128	122
26	AVERAGE REVENUE PER MCF SOLD	$ 5.39	$ 5.99	$ 6.30	$ 6.55	$ 6.68
	COMMERCIAL AND INDUSTRIAL SALES					
27	AVERAGE ANNUAL BILL PER CUSTOMER	$ 3,478.84	$ 4,591.89	$ 5,918.10	$ 7,172.68	$ 7,375.93
28	AVERAGE MCF CONSUMPTION PER CUSTOMER	698	831	1,047	1,194	1,200
29	AVERAGE REVENUE PER MCF SOLD	$ 4.99	$ 5.52	$ 5.65	$ 6.01	$ 6.15

GAS OPERATION AND MAINTENANCE EXPENSES

LINE NO	ITEM	1987	1986	1985	1984	1983
	PRODUCTION EXPENSES:					
	MANUFACTURED GAS					
30	STEAM	-	-	-	-	-
31	MANUFACTURED GAS	244,451	219,299	445,340	278,376	227,194
	NATURAL GAS					
32	PRODUCTION AND GATHERING	-	-	-	-	-
33	EXPLORATION AND DEVELOPMENT					
	OTHER GAS SUPPLY EXPENSES					
34	PURCHASED GAS	40,962,515	51,470,550	60,544,942	70,475,191	73,299,160
35	OTHER	28,776	1,718	13,489-	23,751-	41,684-
36	TOTAL PRODUCTION EXPENSE	41,235,742	51,691,567	60,976,793	70,729,816	73,484,670
	NATURAL GAS STORAGE EXPENSES					
37	UNDERGROUND STORAGE EXPENSES	-	-	-	-	-
38	OTHER STORAGE EXPENSES	-	-	-	-	-
39	TOTAL NATURAL GAS STORAGE EXPENSE	-	-	-	-	-
40	TRANSMISSION EXPENSES	-	-	-	-	-
41	DISTRIBUTION EXPENSES	4,426,315	4,195,606	4,054,447	3,682,005	3,577,529
42	CUSTOMER ACCOUNTS EXPENSES	2,170,628	2,032,606	1,894,996	1,986,204	1,729,476
43	SALES EXPENSES	608,525	569,372	549,975	478,984	354,213
44	ADMINISTRATIVE AND GENERAL EXPENSES	3,086,368	2,786,586	2,877,379	2,713,796	2,530,520
45	TOTAL O & M EXPENSES	$ 51,527,578	$ 61,275,737	$ 70,353,590	$ 79,590,805	$ 81,676,408

COLUMBIA GAS OF NEW YORK, INC
DISTRIBUTION OF GAS REVENUES
YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
REVENUES	$ 61,332,105	$ 71,441,647	$ 80,449,435	$ 90,368,371	$ 92,085,818	1
SALES (MCF)	11,631,404	12,303,114	13,326,811	14,547,524	14,070,804	2
			DOLLAR AMOUNTS			
PURCHASED GAS & OTHER SUPPLY EXPENSE	$ 40,991,291	$ 51,472,268	$ 60,531,453	$ 70,451,440	$ 73,257,476	3
WAGES AND BENEFITS	5,845,784	5,534,431	5,428,354	5,175,649	4,909,622	4
OTHER OPERATION AND MAINTENANCE EXPENSES	4,690,503	4,269,038	4,393,783	3,963,716	3,509,310	5
DEPR. AND AMORT. EXPENSES	1,318,352	1,210,715	1,088,078	1,077,689	1,037,614	6
INCOME TAXES - OPERATING	536,920	824,328	866,034	957,390	914,993	7
OTHER TAXES - OPERATING	5,432,898	5,617,458	5,863,181	6,116,500	6,007,642	8
*INTEREST CHARGES **	1,336,526	1,358,742	1,292,180	1,152,623	1,067,821	9
*PREFERRED DIVIDENDS **	-	-	-	-	-	10
EARNINGS AVAILABLE FOR COMMON EQUITY	1,179,831	1,154,669	986,372	1,473,364	1,381,340	11
TOTAL	$ 61,332,105	$ 71,441,647	$ 80,449,435	$ 90,368,371	$ 92,085,818	12
			PERCENT OF REVENUES			
PURCHASED GAS & OTHER SUPPLY EXPENSE	66.8	72.0	75.2	78.0	79.6	13
WAGES AND BENEFITS	9.5	7.7	6.7	5.7	5.3	14
OTHER OPERATION AND MAINTENANCE EXPENSES	7.6	6.0	5.5	4.4	3.8	15
DEPRECIATION AND AMORTIZATION EXPENSES	2.1	1.7	1.4	1.2	1.1	16
INCOME TAXES - OPERATING	0.9	1.2	1.1	1.1	1.0	17
OTHER TAXES - OPERATING	8.9	7.9	7.3	6.8	6.5	18
*INTEREST CHARGES **	2.2	1.9	1.6	1.3	1.2	19
*PREFERRED DIVIDENDS**	-	-	-	-	-	20
EARNINGS AVAILABLE FOR COMMON EQUITY	1.9	1.6	1.2	1.6	1.5	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
			DOLLARS PER MCF			
PURCHASED GAS & OTHER SUPPLY EXPENSE	$ 3.52	$ 4.18	$ 4.54	$ 4.84	$ 5.21	23
WAGES AND BENEFITS	0.50	0.45	0.41	0.36	0.35	24
OTHER OPERATION AND MAINTENANCE EXPENSES	0.40	0.35	0.33	0.27	0.25	25
DEPRECIATION AND AMORTIZATION EXPENSES	0.11	0.10	0.08	0.07	0.07	26
INCOME TAXES - OPERATING	0.05	0.07	0.06	0.07	0.07	27
OTHER TAXES - OPERATING	0.47	0.46	0.44	0.42	0.43	28
*INTEREST CHARGES **	0.11	0.11	0.10	0.08	0.08	29
*PREFERRED DIVIDENDS **	-	-	-	-	-	30
EARNINGS AVAILABLE FOR COMMON EQUITY	0.10	0.09	0.07	0.10	0.10	31
TOTAL	$ 5.27	$ 5.81	$ 6.04	$ 6.21	$ 6.54	32

*THIS IS A STRAIGHT GAS COMPANY, THEREFORE, NO ALLOCATION OF STARRED ITEMS IS NECESSARY

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CONSOLIDATED EDISON CO. OF NEW YORK, INC.
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF GAS PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO. ITEM	1987	1986	1985	1984	1983
ASSETS AND OTHER DEBITS					
1 GAS UTILITY PLANT	$ 888,028,806	$ 835,171,322	$ 793,242,870	$ 749,407,088	$ 712,661,079
2 ACCUM. PROV. FOR DEPR. AND AMORT.	185,151,119	172,959,715	161,314,247	142,064,274	124,979,540
3 NET GAS UTILITY PLANT	702,877,687	662,211,607	631,928,623	607,342,814	587,681,539
4 OTHER UTILITY PLANT	9,767,366,260	9,400,559,150	8,895,027,427	8,618,405,474	8,282,550,776
5 ACCUM. PROV. FOR DEPR. AND AMORT.	2,734,790,512	2,586,230,395	2,431,181,717	2,328,272,579	2,193,534,596
6 NET OTHER UTILITY PLANT	7,032,575,748	6,814,328,755	6,463,845,710	6,290,132,895	6,089,016,180
7 TOTAL UTILITY PLANT	10,655,395,066	10,235,730,472	9,688,270,297	9,367,812,562	8,995,211,855
8 ACCUM. PROV. FOR DEPR. AND AMORT.	2,919,941,631	2,759,190,110	2,592,495,964	2,470,336,853	2,318,514,136
9 NET TOTAL UTILITY PLANT	7,735,453,435	7,476,540,362	7,095,774,333	6,897,475,709	6,676,697,719
10 NONUTILITY PROPERTY LESS ACCUM. PROV. FOR DEPR. AND AMORT.	2,290,523	2,333,133	2,668,546	3,303,442	3,480,748
11 INVESTMENT IN ASSOCIATED COMPANIES	-	-	-	-	-
12 INVESTMENT IN SUBSIDIARY COMPANIES	318,878,369	260,641,141	6,380,957	5,947,074	5,399,750
13 OTHER INVESTMENTS	5,322,283	6,483,024	1,192,708	106,386	106,485
14 SPECIAL FUNDS	1,038,242	711,075	75,728	91,502	92,297
15 TOTAL OTHER PROPERTY AND INVESTMENTS	327,529,417	270,168,373	10,317,939	9,448,404	9,079,280
16 CASH	11,173,296	16,421,598	14,598,691	17,014,965	8,130,718
17 SPECIAL DEPOSITS	2,264,839	8,944,192	4,497,936	11,357,007	1,619,094
18 WORKING FUNDS	2,420,601	1,607,631	1,049,352	1,334,870	1,175,492
19 TEMPORARY CASH INVESTMENTS	412,827,715	688,130,004	836,760,669	748,555,642	589,685,961
20 NOTES & ACCTS. RECEIVABLE LESS ACCUM. PROV. FOR UNCOLLECTIBLE ACCOUNTS	357,955,393	343,582,619	403,169,594	402,444,478	425,476,680
21 RECEIVABLES - ASSOCIATED COMPANIES	-	-	-	-	-
22 MATERIALS AND SUPPLIES	294,523,945	252,404,136	294,866,183	320,672,805	293,681,950
23 GAS STORED UNDERGROUND - CURRENT	24,155,341	18,147,439	18,664,999	29,067,116	35,412,612
24 LIQUEFIED NATURAL GAS IN STORAGE	5,674,004	5,836,985	5,666,737	5,343,508	4,702,104
25 PREPAYMENTS	41,785,726	39,146,662	37,412,031	47,387,933	29,498,654
26 OTHER CURRENT AND ACCRUED ASSETS	2,867,468	3,230,600	8,345,833	15,067,974	9,782,374
27 TOTAL CURRENT AND ACCRUED ASSETS	1,155,648,328	1,377,451,866	1,625,032,025	1,598,246,298	1,399,165,639
28 UNAMORTIZED DEBT EXPENSE	22,997,983	22,088,351	20,417,887	15,811,046	16,973,988
29 EXTRAORDINARY PROPERTY LOSSES	47,656,359	54,198,565	60,740,772	31,910,678	37,016,386
30 PREL. SURVEY & INVESTIGATION CHARGES	2,730,530	666,974	178,302	3,131,048	-
31 CLEARING ACCOUNTS	1,077,694	2,064,954	2,744,174	3,524,777	3,894,793
32 DEFERRED LOSSES - DISP. OF UTILITY PLANT	-	-	-	-	-
33 RESEARCH AND DEVELOPEMENT	6,916,596-	4,947,359-	6,425,459-	5,570,402-	7,686,497-
34 ACCUM. DEFERRED INCOME TAXES	98,193,000	59,662,000	55,947,000	42,473,000	39,222,000
35 OTHER DEFERRED DEBITS	90,932,388	63,989,226	129,722,771	128,544,014	104,059,792
36 TOTAL DEFERRED DEBITS	256,671,358	197,722,711	263,325,447	219,824,161	193,480,462
37 TOTAL ASSETS AND OTHER DEBITS	$ 9,475,302,538	$ 9,321,883,312	$ 8,994,449,744	$ 8,724,994,572	$ 8,278,423,100
GAS UTILITY PLANT*					
38 INTANGIBLE PLANT	-	-	-	-	-
PRODUCTION PLANT:					
39 MANUFACTURED GAS PLANT	-	-	-	-	-
40 NATURAL GAS PLANT	1,068,105	1,328,418	1,562,549	1,715,597	1,959,838
41 NATURAL GAS STORAGE PLANT					
42 UNDERGROUND STORAGE PLANT	-	-	-	-	-
43 OTHER STORAGE PLANT	35,377,847	35,320,218	35,314,066	35,115,770	35,025,381
44 TRANSMISSION PLANT	-	-	-	-	-
45 DISTRIBUTION PLANT	833,358,935	784,782,987	744,693,889	699,791,740	657,319,309
46 GENERAL PLANT	-	-	-	-	-
47 GAS PLANT PURCHASED OR SOLD	-	-	-	-	-
48 EXPERIMENTAL GAS PLANT UNCLASSIFIED	-	-	-	-	-
49 GAS STORED UNDERGROUND NON-CURRENT	1,238,998	1,238,998	1,238,998	1,238,998	1,238,998
50 TOTAL GAS PLANT IN SERVICE	871,033,885	822,670,621	782,809,502	737,862,105	695,543,526
51 PLANT LEASED TO OTHERS	-	-	-	-	-
52 PLANT HELD FOR FUTURE USE	-	-	-	-	-
53 CONSTRUCTION WORK IN PROGRESS	16,994,921	12,500,701	10,433,368	11,544,983	17,117,553
54 PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
55 TOTAL GAS UTILITY PLANT	888,028,806	835,171,322	793,242,870	749,407,088	712,661,079
56 ACCUM. PROV. FOR DEPR. AND AMORT.	185,151,119	172,959,715	161,314,247	142,064,274	124,979,540
57 NET GAS UTILITY PLANT	702,877,687	662,211,607	631,928,623	607,342,814	587,681,539
PLANT IN SERVICE					
58 BEGINNING OF YEAR	822,670,621	782,809,502	737,862,105	695,543,526	660,176,091
59 ADDITIONS	53,666,958	45,361,371	49,760,163	47,474,284	39,744,747
60 RETIREMENTS	4,428,358	5,248,811	4,644,330	4,886,684	4,092,254
61 TRANSFERS AND ADJUSTMENTS	875,336-	251,441-	168,436-	269,021-	285,058-
62 END OF YEAR	$ 871,033,885	$ 822,670,621	$ 782,809,502	$ 737,862,105	$ 695,543,526

*EXCLUDES ALLOCATION OF COMMON PLANT

CONSOLIDATED EDISON CO. OF NEW YORK, INC.
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON STOCK ISSUED	$ 569,689,580	$ 592,603,015	$ 604,543,535	$ 649,489,585	$ 648,761,000	1
PREFERRED STOCK ISSUED	647,642,427	650,915,727	655,201,027	659,336,927	663,828,727	2
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	3
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	4
PREMIUM ON CAPITAL STOCK	706,073,844	734,161,657	748,389,113	803,518,126	802,004,911	5
OTHER PAID-IN CAPITAL	-	-	-	-	-	6
INSTALLMENTS REC'D ON CAPITAL STOCK	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	31,796,684-	32,736,678-	33,250,913-	35,083,426-	35,094,014-	8
RETAINED EARNINGS	2,752,109,428	2,741,176,021	2,632,985,161	2,593,797,871	2,287,687,133	9
UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS	11,119,162	2,084,601	326,362	266,479	312,024	10
REACQUIRED CAPITAL STOCK	-	-	-	-	-	11
TOTAL PROPRIETARY CAPITAL	4,654,837,757	4,688,204,343	4,608,194,285	4,671,325,562	4,367,499,781	12
BONDS (LESS BONDS REACQUIRED)	2,267,889,500	2,332,889,500	2,407,889,500	2,482,889,500	2,522,889,500	13
ADVANCES FROM ASSOCIATED COMPANIES	-	-	-	-	-	14
OTHER LONG-TERM DEBT	556,218,891	406,319,653	256,415,036	505,326	590,795	15
NET UNAMORTIZED PREMIUM + DISCOUNT	745,655	943,995	1,160,058	1,393,918	1,627,778	16
TOTAL LONG TERM DEBT	2,824,854,046	2,740,153,148	2,665,464,594	2,484,788,744	2,525,108,073	17
NOTES PAYABLE	-	-	-	-	-	18
ACCOUNTS PAYABLE	140,886,221	120,197,162	179,180,944	182,297,540	161,295,259	19
PAYABLES TO ASSOCIATED COMPANIES	-	-	-	-	-	20
CUSTOMER DEPOSITS	131,021,538	126,251,601	116,107,083	101,956,559	86,276,383	21
TAXES ACCRUED	164,830,275	219,788,815	207,761,157	181,170,353	178,326,081	22
INTEREST ACCRUED	57,741,092	55,211,890	56,110,827	47,650,229	47,150,760	23
DIVIDENDS DECLARED	9,405,961	9,468,608	9,474,837	9,617,785	9,697,085	24
TAX COLLECTIONS PAYABLE	21,333,893	20,049,475	24,555,821	24,558,165	22,247,282	25
OTHER CURRENT AND ACCRUED LIABILITIES	218,527,000	214,430,286	185,815,083	164,088,768	148,486,614	26
TOTAL CURRENT AND ACCRUED LIABILITIES	743,745,980	765,397,837	779,005,752	711,339,399	653,479,464	27
CUSTOMER ADVANCES FOR CONSTRUCTION	5,868,437	3,759,874	2,772,657	1,990,124	960,217	28
DEFERRED GAINS FROM DISPOSITION OF UTILITY PLANT	-	-	-	-	-	29
ACCUM. DEFERRED INVESTMENT TAX CREDITS	283,889,616	289,918,000	283,158,000	261,490,000	240,990,000	30
OTHER DEFERRED CREDITS	242,556,702	198,921,110	71,265,803	76,555,906	60,820,705	31
ACCUMULATED DEFERRED INCOME TAXES						
ACCELERATED AMORTIZATION	404,000	463,000	526,000	796,000	1,647,000	32
LIBERALIZED DEPRECIATION	660,055,000	592,377,000	510,792,000	438,357,000	350,294,000	33
OTHER	41,291,000	30,589,000	64,146,000	70,627,000	68,053,000	34
TOTAL DEFERRED CREDITS	1,234,064,755	1,116,027,984	932,660,460	849,816,030	722,764,922	35
PROPERTY INSURANCE RESERVE	-	-	-	-	-	36
INJURIES AND DAMAGE RESERVES	17,800,000	12,100,000	9,124,653	7,724,837	9,570,860	37
PENSION AND BENEFITS RESERVE	-	-	-	-	-	38
MISCELLANEOUS OPERATING RESERVES	-	-	-	-	-	39
TOTAL OPERATING RESERVES	17,800,000	12,100,000	9,124,653	7,724,837	9,570,860	40
TOTAL LIABILITIES AND OTHER CREDITS	$ 9,475,302,538	$ 9,321,883,312	$ 8,994,449,744	$ 8,724,994,572	$ 8,278,423,100	41
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS / BY CURRENT LIABILITIES	1.55	1.80	2.09	2.25	2.14	42
PERCENT OF CAPITALIZATION						
LONG-TERM DEBT	37.7	36.8	36.6	34.7	36.6	43
PREFERRED STOCK	8.6	8.7	9.0	9.2	9.6	44
COMMON STOCK AND OTHER PAID-IN CAPITAL	16.7	17.4	18.1	19.8	20.5	45
RETAINED EARNINGS	36.7	36.9	36.1	36.2	33.1	46
LONG-TERM DEBT % OF GROSS UTILITY PLANT	26.5	26.7	27.5	26.5	28.0	47
ACCUM. PROV. FOR DEPR. % OF UTILITY PLT.	27.4	26.9	26.7	26.3	25.7	48

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CONSOLIDATED EDISON CO. OF NEW YORK, INC.
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO.		1987	1986	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL:					
1	NET INCOME	$ 550,114,241	$ 546,407,295	$ 563,731,246	$ 619,971,161	$ 575,835,793
2	DEPRECIATION AND AMORTIZATION	319,701,966	302,307,619	318,841,688	280,771,956	289,848,174
3	DEFERRED INCOME TAXES - NET	37,910,000	54,550,000	77,820,000	110,610,000	27,990,000
4	INTEREST CAPITALIZED	15,281,245-	10,088,802-	10,305,707-	22,392,157-	14,662,068-
5	OTHER (NET)	55,795,183	7,571,627	17,008,004	-	-
6	SUBTOTAL	948,240,146	900,747,739	967,095,231	988,960,960	879,011,899
7	EXTRAORDINARY ITEMS	-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	948,240,146	900,747,739	967,095,231	988,960,960	879,011,899
9	LESS DIVIDENDS: PREFERRED	37,778,527	38,051,666	38,352,979	38,649,403	38,971,360
10	COMMON	343,452,815	319,693,864	296,922,029	275,246,410	242,608,007
11	NET FUNDS - INTERNAL SOURCES	567,008,804	543,002,209	631,820,223	675,065,147	597,432,532
	EXTERNAL:					
12	LONG TERM DEBT	150,000,000	150,000,000	256,000,000	-	-
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	23,002,078
15	NET INCREASE IN SHORT TERM DEBT	-	-	-	-	-
16	OTHER (NET)	-	-	-	-	-
17	TOTAL FUNDS - EXTERNAL SOURCES	150,000,000	150,000,000	256,000,000	-	23,002,078
	OTHER SOURCES:					
18	NET DECREASE IN WORKING CAPITAL	200,151,682	225,242,245	40,880,625	-	-
19	OTHER	-	-	-	-	49,043,486
20	TOTAL FUNDS PROVIDED	$ 917,160,486	$ 918,244,454	$ 928,700,848	$ 675,065,147	$ 669,478,096
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
21	GAS PLANT	$ 58,161,312	$ 47,369,898	$ 48,593,177	$ 41,839,008	$ 44,379,756
22	LIQUEFIED NATURAL GAS PLANT	134-	58,834	54,392	62,714	326,825
23	NON-UTILITY	-	-	-	-	-
24	OTHER	484,988,175	451,587,666	482,026,358	435,249,701	375,047,170
25	TOTAL CONSTRUCTION	543,149,353	499,016,398	530,673,927	477,151,423	419,753,751
26	LESS INTEREST CAPITALIZED	15,281,245	10,088,802	10,305,707	22,392,157	14,662,068
27	TOTAL EXCLUDING INTEREST CAPITALIZED	527,868,108	488,927,596	520,368,220	454,759,266	405,091,683
	RETIREMENT OF SECURITIES:					
28	LONG TERM DEBT	65,100,763	75,095,383	75,090,291	40,085,468	45,080,505
29	PREFERRED STOCK	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000
30	REDEMPTION OF CAPITAL STOCK	199,999,485	106,401,625	289,337,811	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	-	-	-	-
32	OTHER (NET)	-	-	-	-	-
34	TOTAL RETIREMENT OF SECURITIES	267,350,248	183,747,008	366,678,102	42,335,468	47,330,905
	OTHER USES:					
35	NET INCREASE IN WORKING CAPITAL	-	-	-	141,220,724	217,055,508
36	OTHER (NET)	121,942,130	245,569,850	41,654,526	36,749,689	-
37	TOTAL FUNDS APPLIED	$ 917,160,486	$ 918,244,454	$ 928,700,848	$ 675,065,147	$ 669,478,096

CONSOLIDATED EDISON CO. OF NEW YORK, INC.
COMPARATIVE STATEMENTS OF INCOME AND RETAINED EARNINGS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
GAS OPERATING INCOME:						
OPERATING REVENUES	$ 630,687,254	$ 696,973,297	$ 773,511,445	$ 763,071,285	$ 769,158,408	1
OPERATION AND MAINTENANCE EXPENSE	404,650,460	475,197,286	552,544,175	536,508,740	546,187,262	2
DEPRECIATION EXPENSE	26,244,608	25,543,249	31,183,555	27,832,021	24,336,804	3
AMORTIZATION	643,678	631,780	215,598	293,945	315,954	4
TAXES OTHER THAN INCOME TAXES	100,898,331	100,913,506	102,500,843	98,711,073	92,914,842	5
INCOME TAXES	23,942,000	27,572,000	16,584,000	23,824,000	33,578,000	6
PROVISION FOR DEFERRED INCOME TAXES	24,794,000	27,839,000	36,803,000	33,647,000	33,669,000	7
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	19,698,000-	23,927,000-	25,172,000-	25,337,000-	34,551,000-	8
MISC. ADJUSTMENTS OF INCOME TAXES	2,995,000	-	-	-	-	9
GAINS FROM DISPOSITION OF UTILITY PLT	73,119-	73,119-	-	-	-	10
LOSSES FROM DISPOSITION OF UTILITY PLT	-	-	-	-	-	11
TOTAL OPERATING EXPENSES	564,396,957	633,696,702	714,659,171	695,479,779	696,450,862	12
NET OPERATING REVENUES	66,290,297	63,276,595	58,852,274	67,591,506	72,707,546	13
INC. - LEASED PLT. & OTHER OPER. INC.	-	-	-	-	-	14
GAS OPERATING INCOME	66,290,297	63,276,595	58,852,274	67,591,506	72,707,546	15
OTHER UTILITY OPERATING INCOME	657,681,756	646,622,508	656,290,938	683,373,836	656,074,208	16
TOTAL UTILITY OPERATING INCOME	723,972,053	709,899,103	715,143,212	750,965,342	728,781,754	17
OTHER INCOME:						
MERCH., JOBBING AND CONTRACT WORK	367-	3,004-	4,285-	2,184-	4,954-	18
INCOME FROM NONUTILITY OPERATIONS	-	-	-	-	-	19
NONOPERATING RENTAL INCOME	303,130	302,317	298,368	277,738	243,482	20
EQUITY IN EARNINGS OF SUBSIDIARY CO'S	9,139,782	1,991,524	59,883	81,191	94,379	21
INTEREST AND DIVIDEND INCOME	28,406,721	40,872,954	51,995,182	64,443,775	33,051,443	22
ALLOWANCE FOR CONSTRUCTION FUNDS	15,281,245	10,088,802	10,305,707	22,392,157	14,662,068	23
MISCELLANEOUS NONOPERATING INCOME	159,261	797,208	25,590	45,243	40,889	24
GAIN ON DISPOSITION OF PROPERTY	-	-	-	-	-	25
TOTAL OTHER INCOME	53,289,772	54,049,801	62,680,445	87,237,920	48,087,307	26
TOTAL INCOME	777,261,825	763,948,904	777,823,657	838,203,262	776,869,061	27
INCOME DEDUCTIONS:						
TAXES OTHER THAN INC. TAXES-NONOPERATING	617,463	714,528	1,096,300	1,027,097	734,787	28
INCOME TAXES-NONOPERATING	7,560,000	9,940,000	18,860,000	26,340,000	12,210,000	29
LOSS ON DISPOSITION OF PROPERTY	-	-	-	-	-	30
MISCELLANEOUS AMORTIZATION	-	-	-	-	-	31
MISCELLANEOUS INCOME DEDUCTIONS	7,725,618	8,271,339	6,013,387	6,467,062	6,433,303	32
TOTAL INCOME DEDUCTIONS	15,903,081	18,925,867	25,969,687	33,834,159	19,378,090	33
INCOME BEFORE INTEREST CHARGES	761,358,744	745,023,037	751,853,970	804,369,103	757,490,971	34
INTEREST CHARGES:						
INTEREST ON LONG-TERM DEBT	195,214,270	180,836,729	168,121,326	161,689,219	163,397,990	35
AMORT. OF DEBT DISCOUNT + EXPENSE	1,397,619	1,303,502	1,219,284	1,162,941	1,180,605	36
AMORT. OF PREMIUM ON DEBT-CREDIT	198,340-	216,063-	233,860-	233,860-	265,606-	37
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	38
OTHER INTEREST EXPENSE	14,830,954	16,691,574	19,015,974	21,779,642	17,342,189	39
TOTAL INTEREST CHARGES	211,244,503	198,615,742	188,122,724	184,397,942	181,655,178	40
INCOME BEFORE EXTRAORDINARY ITEMS	550,114,241	546,407,295	563,731,246	619,971,161	575,835,793	41
EXTRAORDINARY ITEMS - NET	-	-	-	-	-	42
NET INCOME	$ 550,114,241	$ 546,407,295	$ 563,731,246	$ 619,971,161	$ 575,835,793	43
RETAINED EARNINGS:						
BEGINNING OF YEAR	$ 2,741,176,021	$ 2,632,985,161	$ 2,593,797,871	$ 2,287,687,133	$ 1,993,471,364	44
BALANCE TRANSFERRED FROM INCOME	541,079,680	544,649,056	563,651,063	620,016,706	575,805,301	45
APPROPRIATIONS	-	-	-	-	-	46
DIVIDENDS DECLARED-PREFERRED STOCK	37,778,527	38,051,666	38,352,979	38,649,403	38,971,360	47
-COMMON STOCK	343,452,815	319,693,864	296,922,029	275,246,410	242,608,007	48
ADJUSTMENTS	148,914,931-	78,712,666-	189,188,755-	10,155-	10,155-	49
BALANCE END OF YEAR	2,752,109,428	2,741,176,021	2,632,985,161	2,593,797,871	2,287,687,133	50
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	51
UNDISTRIBUTED SUBSIDIARY EARNINGS	11,119,162	2,084,601	326,362	266,479	312,024	52
TOTAL END OF YEAR	$ 2,763,228,590	$ 2,743,260,622	$ 2,633,311,523	$ 2,594,064,350	$ 2,287,999,157	53
SELECTED INCOME ACCOUNT RELATIONSHIPS						
GAS OPERATING REVENUES						
% OF TOTAL OPERATING REVENUES	12.3	13.3	14.0	13.2	13.9	54
NET INCOME-PERCENT OF OPERATING REVENUES	10.7	10.4	10.2	10.7	10.4	55
PRETAX COVERAGE OF INTEREST CHARGES	5.3	6.0	6.2	6.7	6.4	56
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	67.0	62.8	56.5	47.3	45.1	57
RETURN ON COMMON EQUITY	12.7	12.7	13.1	15.0	15.1	58

CONSOLIDATED EDISON CO. OF NEW YORK, INC.
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	REVENUES					
1	RESIDENTIAL	$ 361,915,682	$ 406,511,014	$ 393,936,043	$ 401,069,903	$ 402,411,419
2	COMMERCIAL AND INDUSTRIAL	229,835,969	254,216,284	322,489,137	298,595,754	302,660,865
3	OTHER SALES TO PUBLIC AUTHORITIES	29,191,095	30,989,414	36,308,917	45,032,452	48,836,675
4	INTERDEPARTMENTAL	-	-	-	-	-
5	TOTAL REVENUES - ULTIMATE CONSUMERS	620,942,746	691,716,712	752,734,097	744,698,109	753,908,959
6	RESALE	-	-	-	-	-
7	TOTAL REVENUES FROM SALES OF GAS	620,942,746	691,716,712	752,734,097	744,698,109	753,908,959
8	OTHER GAS OPERATING REVENUES	9,744,507	5,256,585	20,777,348	18,373,176	15,249,449
9	TOTAL GAS OPERATING REVENUES	$ 630,687,254	$ 696,973,297	$ 773,511,445	$ 763,071,285	$ 769,158,408
	GAS SALES (MCF)					
10	RESIDENTIAL	45,022,649	45,370,227	43,092,707	45,157,721	42,933,298
11	COMMERCIAL AND INDUSTRIAL	43,004,920	44,258,835	53,509,596	46,258,258	45,159,032
12	OTHER SALES TO PUBLIC AUTHORITIES	5,981,154	5,725,300	5,709,911	7,034,710	7,268,845
13	INTERDEPARTMENTAL	-	-	-	-	-
14	TOTAL SALES TO ULTIMATE CONSUMERS	94,008,723	95,354,362	102,312,214	98,450,690	95,361,175
15	RESALE	-	-	-	-	-
16	TOTAL GAS SALES	94,008,723	95,354,362	102,312,214	98,450,690	95,361,175
	CUSTOMERS - AVERAGE PER MONTH					
17	RESIDENTIAL	932,393	933,274	934,783	934,075	932,439
18	COMMERCIAL AND INDUSTRIAL	88,100	86,185	84,132	82,433	81,289
19	OTHER SALES TO PUBLIC AUTHORITIES	1,499	1,424	1,359	1,286	1,270
20	INTERDEPARTMENTAL	-	-	-	-	-
21	TOTAL ULTIMATE CONSUMERS	1,021,992	1,020,883	1,020,274	1,017,794	1,014,998
22	RESALE	-	-	-	-	-
23	TOTAL CUSTOMERS	1,021,992	1,020,883	1,020,274	1,017,794	1,014,998

GAS OPERATING REVENUE RELATIONSHIPS

LINE NO	ITEM	1987	1986	1985	1984	1983
	RESIDENTIAL SALES					
24	AVERAGE ANNUAL BILL PER CUSTOMER	$ 388.16	$ 435.58	$ 421.42	$ 429.38	$ 431.57
25	AVERAGE MCF CONSUMPTION PER CUSTOMER	48	49	46	48	46
26	AVERAGE REVENUE PER MCF SOLD	$ 8.04	$ 8.96	$ 9.14	$ 8.88	$ 9.37
	COMMERCIAL AND INDUSTRIAL SALES					
27	AVERAGE ANNUAL BILL PER CUSTOMER	$ 2,608.81	$ 2,949.66	$ 3,833.13	$ 3,622.28	$ 3,723.27
28	AVERAGE MCF CONSUMPTION PER CUSTOMER	488	514	636	561	556
29	AVERAGE REVENUE PER MCF SOLD	$ 5.34	$ 5.74	$ 6.03	$ 6.45	$ 6.70

GAS OPERATION AND MAINTENANCE EXPENSES

LINE NO	ITEM	1987	1986	1985	1984	1983
	PRODUCTION EXPENSES					
	MANUFACTURED GAS					
30	STEAM	-	-	-	-	-
31	MANUFACTURED GAS	-	-	-	-	-
	NATURAL GAS					
32	PRODUCTION AND GATHERING	7,052	8,638	8,440	10,313	18,425
33	EXPLORATION AND DEVELOPMENT -					
	OTHER GAS SUPPLY EXPENSES					
34	PURCHASED GAS	509,353,427	511,365,409	708,304,987	787,923,996	702,012,606
35	OTHER	268,906,889-	204,156,134-	320,433,143-	406,270,959-	303,761,720-
36	TOTAL PRODUCTION EXPENSE	240,453,590	307,217,913	387,880,284	381,663,350	398,269,311
	NATURAL GAS STORAGE EXPENSES					
37	UNDERGROUND STORAGE EXPENSES	-	-	-	-	-
38	OTHER STORAGE EXPENSES	2,705,220	2,740,578	2,562,859	2,464,079	2,421,190
39	TOTAL NATURAL GAS STORAGE EXPENSE	2,705,220	2,740,578	2,562,859	2,464,079	2,421,190
40	TRANSMISSION EXPENSES	-	-	-	-	-
41	DISTRIBUTION EXPENSES	84,585,161	82,465,750	78,843,259	70,950,719	68,981,219
42	CUSTOMER ACCOUNTS EXPENSES	29,659,138	30,718,667	32,124,355	33,150,908	30,738,766
43	SALES EXPENSES	4,321,512	3,768,404	3,030,682	3,256,394	2,941,977
44	ADMINISTRATIVE AND GENERAL EXPENSES	42,925,839	48,285,974	48,102,736	45,023,290	42,834,799
45	TOTAL O & M EXPENSES	$ 404,650,460	$ 475,197,286	$ 552,544,175	$ 536,508,740	$ 546,187,262

CONSOLIDATED EDISON CO. OF NEW YORK, INC.
DISTRIBUTION OF GAS REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
REVENUES	$ 630,687,254	$ 696,973,297	$ 773,511,445	$ 763,071,285	$ 769,158,408	1
SALES (MCF)	94,008,723	95,354,362	102,312,214	98,450,690	95,361,175	2
			DOLLAR AMOUNTS			
PURCHASED GAS & OTHER SUPPLY EXPENSE	$ 240,446,538	$ 307,209,275	$ 387,871,844	$ 381,653,037	$ 398,250,886	3
WAGES AND BENEFITS	110,730,998	115,691,591	114,287,947	110,500,517	99,955,282	4
OTHER OPERATION AND MAINTENANCE EXPENSES	53,399,805	52,223,301	50,384,384	44,355,186	47,981,094	5
DEPRECIATION AND AMORTIZATION EXPENSES	26,888,286	26,175,029	31,399,153	28,125,966	24,652,758	6
INCOME TAXES - OPERATING	32,033,000	31,484,000	28,215,000	32,134,000	32,696,000	7
OTHER TAXES - OPERATING	100,898,331	100,913,506	102,500,843	98,711,073	92,914,842	8
*INTEREST CHARGES **	18,638,812	18,996,228	17,666,700	17,058,887	16,703,773	9
*PREFERRED DIVIDENDS **	3,635,153	3,639,131	3,597,629	3,575,191	3,582,768	10
EARNINGS AVAILABLE FOR COMMON EQUITY	44,016,332	40,641,236	37,597,947	46,957,428	52,421,005	11
TOTAL	$ 630,687,254	$ 696,973,297	$ 773,511,445	$ 763,071,285	$ 769,158,408	12
			PERCENT OF REVENUES			
PURCHASED GAS & OTHER SUPPLY EXPENSE	38.1	44.1	50.1	50.0	51.8	13
WAGES AND BENEFITS	17.6	16.6	14.8	14.5	13.0	14
OTHER OPERATION AND MAINTENANCE EXPENSES	8.5	7.5	6.5	5.8	6.2	15
DEPRECIATION AND AMORTIZATION EXPENSES	4.3	3.8	4.1	3.7	3.2	16
INCOME TAXES - OPERATING	5.1	4.5	3.6	4.2	4.3	17
OTHER TAXES - OPERATING	16.0	14.5	13.3	12.9	12.1	18
*INTEREST CHARGES **	3.0	2.7	2.3	2.2	2.2	19
*PREFERRED DIVIDENDS **	0.6	0.5	0.5	0.5	0.5	20
EARNINGS AVAILABLE FOR COMMON EQUITY	7.0	5.8	4.9	6.2	6.8	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
			DOLLARS PER MCF			
PURCHASED GAS & OTHER SUPPLY EXPENSE	$ 2.56	$ 3.22	$ 3.79	$ 3.88	$ 4.18	23
WAGES AND BENEFITS	1.18	1.21	1.12	1.12	1.05	24
OTHER OPERATION AND MAINTENANCE EXPENSES	0.57	0.55	0.49	0.45	0.50	25
DEPRECIATION AND AMORTIZATION EXPENSES	0.29	0.27	0.31	0.29	0.26	26
INCOME TAXES - OPERATING	0.34	0.33	0.28	0.33	0.34	27
OTHER TAXES - OPERATING	1.07	1.06	1.00	1.00	0.97	28
*INTEREST CHARGES **	0.20	0.20	0.17	0.17	0.18	29
*PREFERRED DIVIDENDS **	0.04	0.04	0.04	0.04	0.04	30
EARNINGS AVAILABLE FOR COMMON EQUITY	0.47	0.43	0.37	0.48	0.55	31
TOTAL	$ 6.71	$ 7.31	$ 7.56	$ 7.75	$ 8.07	32
*STARRED ITEMS ARE ALLOCATED TO GAS OPERATIONS BASED ON THE RATIO OF NET GAS PLANT TO NET TOTAL PLANT LESS NET COMMON PLANT AT DECEMBER 31- STATED AS PERCENTS	9.68	9.40	9.39	9.27	9.21	33

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CORNING NATURAL GAS CORPORATION
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF GAS PLANT - FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	GAS UTILITY PLANT	$ 10,826,745	$ 10,040,475	$ 8,928,097	$ 8,686,530	$ 8,383,931
2	ACCUM. PROV. FOR DEPR. AND AMORT.	3,750,062	3,564,134	3,373,312	3,221,679	3,070,440
3	NET GAS UTILITY PLANT	7,076,683	6,476,341	5,554,785	5,464,851	5,313,491
4	OTHER UTILITY PLANT	-	-	-	-	-
5	ACCUM. PROV. FOR DEPR. AND AMORT.	-	-	-	-	-
6	NET OTHER UTILITY PLANT	-	-	-	-	-
7	TOTAL UTILITY PLANT	10,826,745	10,040,475	8,928,097	8,686,530	8,383,931
8	ACCUM. PROV. FOR DEPR. AND AMORT.	3,750,062	3,564,134	3,373,312	3,221,679	3,070,440
9	NET TOTAL UTILITY PLANT	7,076,683	6,476,341	5,554,785	5,464,851	5,313,491
10	NONUTILITY PROPERTY LESS ACCUM. PROV. FOR DEPR. AND AMORT.	-	-	-	-	-
11	INVESTMENT IN ASSOCIATED COMPANIES	-	-	-	-	-
12	INVESTMENT IN SUBSIDIARY COMPANIES	1,003,722	892,481	805,488	740,888	683,200
13	OTHER INVESTMENTS	-	-	-	-	-
14	SPECIAL FUNDS	425	425	425	425	425
15	TOTAL OTHER PROPERTY AND INVESTMENTS	1,004,147	892,906	805,913	741,313	683,625
16	CASH	190,959	176,760	281,855	265,080	315,308
17	SPECIAL DEPOSITS	2,632	2,432	100	200	-
18	WORKING FUNDS	2,550	2,500	2,150	2,150	2,150
19	TEMPORARY CASH INVESTMENTS	3,453	3,282	133,937	3,846	398,357
20	NOTES & ACCTS. RECEIVABLE LESS ACCUM. PROV. FOR UNCOLLECTIBLE ACCOUNTS	1,158,170	3,779,283	5,693,324	4,862,729	6,846,088
21	RECEIVABLES - ASSOCIATED COMPANIES	96,726	34,888	36,383	30,970	31,640
22	MATERIALS AND SUPPLIES	134,157	141,332	101,095	86,922	88,914
23	GAS STORED UNDERGROUND - CURRENT	-	-	-	-	-
24	LIQUEFIED NATURAL GAS IN STORAGE	-	-	-	-	-
25	PREPAYMENTS	201,977	159,867	105,300	75,251	73,721
26	OTHER CURRENT AND ACCRUED ASSETS	-	-	78	-	-
27	TOTAL CURRENT AND ACCRUED ASSETS	1,790,624	4,300,344	6,354,222	5,327,148	7,756,178
28	UNAMORTIZED DEBT EXPENSE	25,920	25,343	22,000	25,505	29,444
29	EXTRAORDINARY PROPERTY LOSSES	-	-	-	-	-
30	PREL. SURVEY & INVESTIGATION CHARGES	16,390	12,706	2,950	-	-
31	CLEARING ACCOUNTS	-	-	-	-	-
32	DEFERRED LOSSES - DISP. OF UTILITY PLANT	-	-	-	-	-
33	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
34	ACCUM. DEFERRED INCOME TAXES	-	-	-	-	-
35	OTHER DEFERRED DEBITS	565,772	1,365,476	1,290,647	330,987	726,512
36	TOTAL DEFERRED DEBITS	608,082	1,403,525	1,315,597	356,492	755,956
37	TOTAL ASSETS AND OTHER DEBITS	$ 10,479,536	$ 13,073,116	$ 14,030,517	$ 11,889,804	$ 14,509,250
	GAS UTILITY PLANT*					
38	INTANGIBLE PLANT	$ 10,649	$ 10,649	$ 10,649	$ 10,649	$ 10,649
	PRODUCTION PLANT					
39	MANUFACTURED GAS PLANT	-	-	-	-	-
40	NATURAL GAS PLANT	56,927	66,239	38,858	48,792	130,591
41	NATURAL GAS STORAGE PLANT					
42	UNDERGROUND STORAGE PLANT	-	-	-	-	-
43	OTHER STORAGE PLANT	-	-	-	-	-
44	TRANSMISSION PLANT	3,165,949	2,928,262	2,851,182	2,837,513	2,810,853
45	DISTRIBUTION PLANT	5,654,575	5,354,895	4,599,837	4,382,347	4,169,388
46	GENERAL PLANT	1,506,307	1,458,938	1,388,261	1,370,016	1,265,015
47	GAS PLANT PURCHASED OR SOLD	-	-	-	-	-
48	EXPERIMENTAL GAS PLANT UNCLASSIFIED	-	-	-	-	-
49	GAS STORED UNDERGROUND NON-CURRENT	-	-	-	-	-
50	TOTAL GAS PLANT IN SERVICE	10,394,407	9,818,983	8,888,787	8,649,317	8,386,496
51	PLANT LEASED TO OTHERS	-	-	-	-	-
52	PLANT HELD FOR FUTURE USE	-	-	-	-	-
53	CONSTRUCTION WORK IN PROGRESS	432,338	221,492	39,310	37,213	2,565-
54	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
55	TOTAL GAS UTILITY PLANT	10,826,745	10,040,475	8,928,097	8,686,530	8,383,931
56	ACCUM. PROV. FOR DEPR. AND AMORT.	3,750,062	3,564,134	3,373,312	3,221,679	3,070,440
57	NET GAS UTILITY PLANT	7,076,683	6,476,341	5,554,785	5,464,851	5,313,491
	PLANT IN SERVICE					
58	BEGINNING OF YEAR	9,818,983	8,888,787	8,649,317	8,386,496	8,240,563
59	ADDITIONS	689,096	1,024,862	381,319	433,850	231,880
60	RETIREMENTS	94,443	94,665	131,915	89,229	86,117
61	TRANSFERS AND ADJUSTMENTS	19,229-	1-	9,934-	81,800-	170
62	END OF YEAR	$ 10,394,407	$ 9,818,983	$ 8,888,787	$ 8,649,317	$ 8,386,496

*EXCLUDES ALLOCATION OF COMMON PLANT

CORNING NATURAL GAS CORPORATION
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON STOCK ISSUED	$ 990,870	$ 990,870	$ 990,870	$ 990,870	$ 990,870	1
PREFERRED STOCK ISSUED	-	-	-	-	-	2
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	3
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	4
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	5
OTHER PAID-IN CAPITAL	-	-	-	-	-	6
INSTALLMENTS REC'D ON CAPITAL STOCK	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	12,743-	-	-	-	-	8
RETAINED EARNINGS	2,292,367	2,287,825	2,200,243	2,134,229	2,008,493	9
UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS	901,344	790,103	703,110	638,510	580,822	10
REACQUIRED CAPITAL STOCK	-	-	-	-	-	11
TOTAL PROPRIETARY CAPITAL	4,171,838	4,068,798	3,894,223	3,763,609	3,580,185	12
BONDS (LESS BONDS REACQUIRED)	381,000	461,000	541,000	621,000	720,000	13
ADVANCES FROM ASSOCIATED COMPANIES	-	-	-	-	-	14
OTHER LONG-TERM DEBT	36,860	84,530	112,648	184,067	493,761	15
NET UNAMORTIZED PREMIUM - DISCOUNT	-	-	-	-	-	16
TOTAL LONG TERM DEBT	417,860	545,530	653,648	805,067	1,213,761	17
NOTES PAYABLE	2,895,000	2,897,000	-	500,000	-	18
ACCOUNTS PAYABLE	1,503,085	3,764,581	6,018,063	5,278,376	7,813,686	19
PAYABLES TO ASSOCIATED COMPANIES	-	-	-	-	-	20
CUSTOMER DEPOSITS	162,079	152,484	138,235	129,127	106,149	21
TAXES ACCRUED	21,392-	85,491	114,784	210,084	733,100	22
INTEREST ACCRUED	6,970	8,418	10,458	8,941	8,526	23
DIVIDENDS DECLARED	-	-	-	-	-	24
TAX COLLECTIONS PAYABLE	10,047	17,850	13,690	12,797	13,093	25
OTHER CURRENT AND ACCRUED LIABILITIES	134,760	146,944	165,984	194,301	185,986	26
TOTAL CURRENT AND ACCRUED LIABILITIES	4,690,549	7,092,768	6,461,214	6,333,626	8,660,540	27
CUSTOMER ADVANCES FOR CONSTRUCTION	-	-	-	-	292,773	28
DEFERRED GAINS FROM DISPOSITION OF UTILITY PLANT	-	-	-	-	-	29
ACCUM. DEFERRED INVESTMENT TAX CREDITS	135,665	148,601	161,537	139,719	-	30
OTHER DEFERRED CREDITS	248,873	345,170	1,839,165	273,135	111,677	31
ACCUMULATED DEFERRED INCOME TAXES						
ACCELERATED AMORTIZATION	-	412,739	346,298	-	-	32
LIBERALIZED DEPRECIATION	452,980	417,510	630,432	283,769	219,810	33
OTHER	319,771	-	-	246,879	387,504	34
TOTAL DEFERRED CREDITS	1,157,289	1,324,020	2,977,432	943,502	1,011,764	35
PROPERTY INSURANCE RESERVE	-	-	-	-	-	36
INJURIES AND DAMAGE RESERVES	-	-	-	-	43,000	37
PENSION AND BENEFITS RESERVE	42,000	42,000	44,000	44,000	-	38
MISCELLANEOUS OPERATING RESERVES	-	-	-	-	-	39
TOTAL OPERATING RESERVES	42,000	42,000	44,000	44,000	43,000	40
TOTAL LIABILITIES AND OTHER CREDITS	$ 10,479,536	$ 13,073,116	$ 14,030,517	$ 11,889,804	$ 14,509,250	41
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS / BY CURRENT LIABILITIES	0.38	0.61	0.98	0.84	0.90	42
PERCENT OF CAPITALIZATION:						
LONG-TERM DEBT	9.1	11.8	14.3	17.6	25.3	43
PREFERRED STOCK	-	-	-	-	-	44
COMMON STOCK AND OTHER PAID-IN CAPITAL	40.9	38.5	37.2	35.6	32.7	45
RETAINED EARNINGS	49.9	49.5	48.3	46.7	41.8	46
LONG-TERM DEBT % OF GROSS UTILITY PLANT	3.8	5.4	7.3	9.2	14.4	47
ACCUM. PROV. FOR DEPR. % OF UTILITY PLT	34.6	35.4	37.7	37.0	36.6	48

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CORNING NATURAL GAS CORPORATION
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO		1987	1986	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL					
1	NET INCOME	$ 520,058	$ 539,215	$ 471,473	$ 500,503	$ 526,527
2	DEPRECIATION AND AMORTIZATION	242,269	233,136	230,287	223,034	219,632
3	DEFERRED INCOME TAXES - NET	70,433-	159,418-	467,900	48,623-	93,797
4	INTEREST CAPITALIZED	-	-	-	-	-
5	OTHER (NET)	-	-	-	-	-
6	SUBTOTAL	691,894	612,933	1,169,660	674,914	839,956
7	EXTRAORDINARY ITEMS	-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	691,894	612,933	1,169,660	674,914	839,956
9	LESS DIVIDENDS PREFERRED	-	-	-	-	-
10	COMMON	404,275	364,640	340,859	317,078	293,298
11	NET FUNDS - INTERNAL SOURCES	287,619	248,293	828,801	357,836	546,658
	EXTERNAL					
12	LONG TERM DEBT	-	-	-	-	-
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	2,000-	-	-	-	-
16	OTHER (NET)	-	-	-	-	-
17	TOTAL FUNDS - EXTERNAL SOURCES	2,000-	-	-	-	-
	OTHER SOURCES					
18	NET DECREASE IN WORKING CAPITAL	121	2,685,432	-	102,115	219,560
19	OTHER	914,641	82,428	1,664,859	422,316	100,234
20	TOTAL FUNDS PROVIDED	$ 1,200,381	$ 3,016,153	$ 2,493,660	$ 882,267	$ 866,452
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
21	GAS PLANT	$ 871,301	$ 1,207,043	$ 369,808	$ 391,829	$ 241,109
22	LIQUEFIED NATURAL GAS PLANT	-	-	-	-	-
23	NON-UTILITY	-	-	-	-	-
24	OTHER	-	-	-	-	-
25	TOTAL CONSTRUCTION	871,301	1,207,043	369,808	391,829	241,109
26	LESS INTEREST CAPITALIZED	-	-	-	-	-
27	TOTAL EXCLUDING INTEREST CAPITALIZED	871,301	1,207,043	369,808	391,829	241,109
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	87,878	108,118	151,419	408,695	185,999
29	PREFERRED STOCK	-	-	-	-	-
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	-	-	-	-
32	OTHER (NET)	-	-	-	-	-
34	TOTAL RETIREMENT OF SECURITIES	87,878	108,118	151,419	408,695	185,999
	OTHER USES					
35	NET INCREASE IN WORKING CAPITAL	-	-	899,484	-	-
36	OTHER (NET)	241,202	1,700,992	1,072,949	81,743	439,344
37	TOTAL FUNDS APPLIED	$ 1,200,381	$ 3,016,153	$ 2,493,660	$ 882,267	$ 866,452

CORNING NATURAL GAS CORPORATION
COMPARATIVE STATEMENTS OF INCOME AND RETAINED EARNINGS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
GAS OPERATING INCOME						
OPERATING REVENUES	$ 26,796,013	$ 39,629,464	$ 44,577,609	$ 53,995,617	$ 60,949,397	1
OPERATION AND MAINTENANCE EXPENSE	24,539,110	37,176,363	42,114,210	51,329,990	58,023,620	2
DEPRECIATION EXPENSE	222,905	211,453	205,100	197,412	194,010	3
AMORTIZATION	-	-	-	-	-	4
TAXES OTHER THAN INCOME TAXES	1,264,423	1,481,371	1,503,400	1,741,937	1,845,264	5
INCOME TAXES	302,367	411,512	242,352-	373,111	285,568	6
PROVISION FOR DEFERRED INCOME TAXES	234,187	302,243	480,316	183,653	205,030	7
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	291,684-	448,724-	34,234	259,504-	117,988-	8
MISC. ADJUSTMENTS OF INCOME TAXES	9,167-	9,168-	9,168-	9,168-	9,168-	9
GAINS FROM DISPOSITION OF UTILITY PLT	-	-	-	-	-	10
LOSSES FROM DISPOSITION OF UTILITY PLT	-	-	-	-	-	11
TOTAL OPERATING EXPENSES	26,262,140	39,125,050	44,085,740	53,557,431	60,426,336	12
NET OPERATING REVENUES	533,873	504,414	491,869	438,186	523,061	13
INC. - LEASED PLT. & OTHER OPER. INC.	-	-	-	-	-	14
GAS OPERATING INCOME	533,873	504,414	491,869	438,186	523,061	15
OTHER UTILITY OPERATING INCOME	-	-	-	-	-	16
TOTAL UTILITY OPERATING INCOME	533,873	504,414	491,869	438,186	523,061	17
OTHER INCOME						
MERCH., JOBBING AND CONTRACT WORK	-	-	-	-	-	18
INCOME FROM NONUTILITY OPERATIONS	-	-	-	-	-	19
NONOPERATING RENTAL INCOME	-	-	-	-	-	20
EQUITY IN EARNINGS OF SUBSIDIARY CO'S	176,243	151,993	129,600	117,688	100,708	21
INTEREST AND DIVIDEND INCOME	33,757	30,204	26,625	54,750	45,687	22
ALLOWANCE FOR CONSTRUCTION FUNDS	43,633	19,674	-	-	-	23
MISCELLANEOUS NONOPERATING INCOME	-	12,561	-	-	168	24
GAIN ON DISPOSITION OF PROPERTY	-	-	-	11,853	-	25
TOTAL OTHER INCOME	253,633	214,432	156,225	184,291	146,563	26
TOTAL INCOME	787,506	718,846	648,094	622,477	669,624	27
INCOME DEDUCTIONS						
TAXES OTHER THAN INC. TAXES-NONOPERATING	-	-	-	-	-	28
INCOME TAXES-NONOPERATING	22,103-	22,104-	21,882-	15,726-	17,568-	29
LOSS ON DISPOSITION OF PROPERTY	-	-	-	-	-	30
MISCELLANEOUS AMORTIZATION	-	-	-	-	-	31
MISCELLANEOUS INCOME DEDUCTIONS	13,878	4,609	7,160	3,607	5,138	32
TOTAL INCOME DEDUCTIONS	8,225-	17,495-	14,722-	12,119-	12,430-	33
INCOME BEFORE INTEREST CHARGES	795,731	736,341	662,816	634,596	682,054	34
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	49,067	53,571	62,171	77,292	94,760	35
AMORT. OF DEBT DISCOUNT + EXPENSE	3,467	3,505	3,505	3,939	3,939	36
AMORT. OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	37
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	38
OTHER INTEREST EXPENSE	223,139	140,050	125,667	52,862	56,828	39
TOTAL INTEREST CHARGES	275,673	197,126	191,343	134,093	155,527	40
INCOME BEFORE EXTRAORDINARY ITEMS	520,058	539,215	471,473	500,503	526,527	41
EXTRAORDINARY ITEMS - NET	-	-	-	-	-	42
NET INCOME	$ 520,058	$ 539,215	$ 471,473	$ 500,503	$ 526,527	43
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 2,287,825	$ 2,200,243	$ 2,134,229	$ 2,008,493	$ 1,830,972	44
BALANCE TRANSFERRED FROM INCOME	408,815	452,222	406,873	442,815	470,819	45
APPROPRIATIONS	-	-	-	-	-	46
DIVIDENDS DECLARED-PREFERRED STOCK	-	-	-	-	-	47
-COMMON STOCK	404,273	364,640	340,859	317,079	293,298	48
ADJUSTMENTS	-	-	-	-	-	49
BALANCE END OF YEAR	2,292,367	2,287,825	2,200,243	2,134,229	2,008,493	50
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	51
UNDISTRIBUTED SUBSIDIARY EARNINGS	901,346	790,103	703,110	638,510	580,822	52
TOTAL END OF YEAR	$ 3,193,713	$ 3,077,928	$ 2,903,353	$ 2,772,739	$ 2,589,315	53
SELECTED INCOME ACCOUNT RELATIONSHIPS						
GAS OPERATING REVENUES % OF TOTAL OPERATING REVENUES	100.0	100.0	100.0	100.0	100.0	54
NET INCOME-PERCENT OF OPERATING REVENUES	1.9	1.3	1.0	0.9	0.8	55
PRETAX COVERAGE OF INTEREST CHARGES	3.7	4.9	4.7	6.8	6.6	56
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	77.7	67.6	72.2	63.3	55.7	57
RETURN ON COMMON EQUITY	12.6	13.5	12.3	13.6	15.2	58

CORNING NATURAL GAS CORPORATION
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	REVENUES					
1	RESIDENTIAL	$ 6,784,555	$ 7,833,581	$ 7,661,562	$ 8,180,812	$ 8,018,647
2	COMMERCIAL AND INDUSTRIAL	5,445,978	9,232,602	10,824,688	14,412,039	15,948,771
3	OTHER SALES TO PUBLIC AUTHORITIES	569,911	707,327	721,999	819,721	850,452
4	INTERDEPARTMENTAL	-	-	-	-	-
5	TOTAL REVENUES - ULTIMATE CONSUMERS	12,800,444	17,773,510	19,208,249	23,412,572	24,817,870
6	RESALE	13,347,842	21,607,574	25,203,928	30,537,416	36,087,760
7	TOTAL REVENUES FROM SALES OF GAS	26,148,286	39,381,084	44,412,177	53,949,988	60,905,630
8	OTHER GAS OPERATING REVENUES	647,727	248,379	165,432	45,629	43,767
9	TOTAL GAS OPERATING REVENUES	$ 26,796,013	$ 39,629,463	$ 44,577,609	$ 53,995,617	$ 60,949,397
	GAS SALES (MCF)					
10	RESIDENTIAL	1,552,624	1,533,931	1,495,807	1,628,268	1,485,331
11	COMMERCIAL AND INDUSTRIAL	1,408,018	2,062,219	2,247,715	3,068,731	3,170,501
12	OTHER SALES TO PUBLIC AUTHORITIES	137,308	144,175	147,428	169,395	163,925
13	INTERDEPARTMENTAL	-	-	-	-	-
14	TOTAL SALES TO ULTIMATE CONSUMERS	3,097,950	3,740,325	3,890,950	4,866,394	4,819,757
15	RESALE	3,846,155	5,116,216	5,707,731	6,983,672	7,650,748
16	TOTAL GAS SALES	6,944,105	8,856,541	9,598,681	11,850,066	12,470,505
	CUSTOMERS - AVERAGE PER MONTH					
17	RESIDENTIAL	11,278	11,084	11,011	10,943	10,922
18	COMMERCIAL AND INDUSTRIAL	817	812	796	797	794
19	OTHER SALES TO PUBLIC AUTHORITIES	101	100	105	108	111
20	INTERDEPARTMENTAL	-	-	-	-	-
21	TOTAL ULTIMATE CONSUMERS	12,196	11,996	11,912	11,848	11,827
22	RESALE	2	2	2	2	2
23	TOTAL CUSTOMERS	12,198	11,998	11,914	11,850	11,829
	GAS OPERATING REVENUE RELATIONSHIPS					
	RESIDENTIAL SALES					
24	AVERAGE ANNUAL BILL PER CUSTOMER	$ 601.57	$ 706.75	$ 695.81	$ 747.58	$ 734.17
25	AVERAGE MCF CONSUMPTION PER CUSTOMER	138	138	136	149	136
26	AVERAGE REVENUE PER MCF SOLD	$ 4.37	$ 5.11	$ 5.12	$ 5.02	$ 5.40
	COMMERCIAL AND INDUSTRIAL SALES:					
27	AVERAGE ANNUAL BILL PER CUSTOMER	$ 6,665.82	$ 11,370.20	$ 13,598.85	$ 18,082.86	$ 20,086.61
28	AVERAGE MCF CONSUMPTION PER CUSTOMER	1,723	2,540	2,824	3,850	3,993
29	AVERAGE REVENUE PER MCF SOLD	$ 3.87	$ 4.48	$ 4.82	$ 4.70	$ 5.03
	GAS OPERATION AND MAINTENANCE EXPENSES					
	PRODUCTION EXPENSES					
	MANUFACTURED GAS					
30	STEAM	-	-	-	-	-
31	MANUFACTURED GAS	-	-	-	-	-
	NATURAL GAS					
32	PRODUCTION AND GATHERING	-	-	-	-	-
33	EXPLORATION AND DEVELOPMENT					
	OTHER GAS SUPPLY EXPENSES					
34	PURCHASED GAS	22,155,867	34,864,794	40,060,851	49,338,228	56,076,424
35	OTHER	11,439	7,085	7,803	5,581	2,233
36	TOTAL PRODUCTION EXPENSE	22,167,306	34,871,879	40,068,654	49,343,809	56,078,657
	NATURAL GAS STORAGE EXPENSES					
37	UNDERGROUND STORAGE EXPENSES	-	-	-	-	-
38	OTHER STORAGE EXPENSES	-	-	-	-	-
39	TOTAL NATURAL GAS STORAGE EXPENSE	-	-	-	-	-
40	TRANSMISSION EXPENSES	218,318	203,814	206,891	207,532	210,075
41	DISTRIBUTION EXPENSES	529,986	583,880	453,498	448,880	438,582
42	CUSTOMER ACCOUNTS EXPENSES	332,291	321,796	320,039	320,676	340,915
43	SALES EXPENSES	102,789	106,488	99,651	93,329	84,608
44	ADMINISTRATIVE AND GENERAL EXPENSES	1,188,420	1,088,506	965,477	915,764	870,783
45	TOTAL O & M EXPENSES	$ 24,539,110	$ 37,176,363	$ 42,114,210	$ 51,329,990	$ 58,023,620

CORNING NATURAL GAS CORPORATION
DISTRIBUTION OF GAS REVENUES
YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
REVENUES	$ 26,796,013	$ 39,629,464	$ 44,577,609	$ 53,995,617	$ 60,949,397	1
SALES (MCF)	6,944,105	8,856,541	9,598,681	11,850,066	12,470,505	2
			DOLLAR AMOUNTS			
PURCHASED GAS & OTHER SUPPLY EXPENSE	$ 22,167,306	$ 34,871,879	$ 40,068,654	$ 49,343,809	$ 56,078,657	3
WAGES AND BENEFITS	1,461,574	1,458,970	1,367,126	1,351,762	1,231,325	4
OTHER OPERATION AND MAINTENANCE EXPENSES	910,230	845,514	678,430	634,419	713,638	5
DEPR. AND AMORT. EXPENSES	222,905	211,453	205,100	197,412	194,010	6
INCOME TAXES - OPERATING	235,703	255,863	263,030	288,092	363,442	7
OTHER TAXES - OPERATING	1,264,423	1,481,371	1,503,400	1,741,937	1,845,264	8
*INTEREST CHARGES **	232,040	177,452	191,343	134,093	155,527	9
*PREFERRED DIVIDENDS **	-	-	-	-	-	10
EARNINGS AVAILABLE FOR COMMON EQUITY	301,833	326,962	300,526	304,093	367,534	11
TOTAL	$ 26,796,013	$ 39,629,464	$ 44,577,609	$ 53,995,617	$ 60,949,397	12
			PERCENT OF REVENUES			
PURCHASED GAS & OTHER SUPPLY EXPENSE	82.7	88.0	89.9	91.4	92.0	13
WAGES AND BENEFITS	5.5	3.7	3.1	2.5	2.0	14
OTHER OPERATION AND MAINTENANCE EXPENSES	3.4	2.1	1.5	1.2	1.2	15
DEPRECIATION AND AMORTIZATION EXPENSES	0.8	0.5	0.5	0.4	0.3	16
INCOME TAXES - OPERATING	0.9	0.6	0.6	0.5	0.6	17
OTHER TAXES - OPERATING	4.7	3.7	3.4	3.2	3.0	18
*INTEREST CHARGES **	0.9	0.4	0.4	0.2	0.3	19
*PREFERRED DIVIDENDS**	-	-	-	-	-	20
EARNINGS AVAILABLE FOR COMMON EQUITY	1.1	0.8	0.7	0.6	0.6	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
			DOLLARS PER MCF			
PURCHASED GAS & OTHER SUPPLY EXPENSE	$ 3.19	$ 3.94	$ 4.17	$ 4.16	$ 4.50	23
WAGES AND BENEFITS	0.21	0.16	0.14	0.11	0.10	24
OTHER OPERATION AND MAINTENANCE EXPENSES	0.13	0.10	0.07	0.05	0.06	25
DEPRECIATION AND AMORTIZATION EXPENSES	0.03	0.02	0.02	0.02	0.02	26
INCOME TAXES - OPERATING	0.03	0.03	0.03	0.02	0.03	27
OTHER TAXES - OPERATING	0.18	0.17	0.16	0.15	0.15	28
*INTEREST CHARGES **	0.03	0.02	0.02	0.01	0.01	29
*PREFERRED DIVIDENDS **	-	-	-	-	-	30
EARNINGS AVAILABLE FOR COMMON EQUITY	0.04	0.04	0.03	0.03	0.03	31
TOTAL	$ 3.86	$ 4.47	$ 4.64	$ 4.56	$ 4.89	32

*THIS IS A STRAIGHT GAS COMPANY, THEREFORE, NO ALLOCATION OF STARRED ITEMS IS NECESSARY

**NET OF AFC

LONG ISLAND LIGHTING COMPANY
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF GAS PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	GAS UTILITY PLANT	$ 460,660,316	$ 428,139,489	$ 397,767,512	$ 379,536,724	$ 368,911,767
2	ACCUM. PROV. FOR DEPR. AND AMORT.	128,534,894	120,532,335	112,965,804	105,720,544	99,123,215
3	NET GAS UTILITY PLANT	332,125,422	307,607,154	284,801,708	273,816,180	269,788,552
4	OTHER UTILITY PLANT	8,821,829,263	8,287,176,391	7,769,471,113	6,893,007,284	6,053,608,031
5	ACCUM. PROV. FOR DEPR. AND AMORT.	854,737,335	798,919,921	740,105,284	682,844,026	628,174,775
6	NET OTHER UTILITY PLANT	7,967,091,928	7,488,256,470	7,029,365,829	6,210,163,258	5,425,433,256
7	TOTAL UTILITY PLANT	9,282,489,579	8,715,315,880	8,167,238,625	7,272,544,008	6,422,519,798
8	ACCUM. PROV. FOR DEPR. AND AMORT.	983,272,229	919,452,256	853,071,088	788,554,570	727,297,990
9	NET TOTAL UTILITY PLANT	8,299,217,350	7,795,863,624	7,314,167,537	6,483,979,438	5,695,221,808
10	NONUTILITY PROPERTY LESS ACCUM. PROV. FOR DEPR. AND AMORT.	1,032,561	995,388	1,885,950	2,810,569	2,815,520
11	INVESTMENT IN ASSOCIATED COMPANIES	-	-	-	-	-
12	INVESTMENT IN SUBSIDIARY COMPANIES	353,948	444,207	519,522	569,669	636,925
13	OTHER INVESTMENTS	66,819,347	66,885,216	65,941,156	65,199,518	124,070,972
14	SPECIAL FUNDS	558,429	58,428	59,212	59,212	59,212
15	TOTAL OTHER PROPERTY AND INVESTMENTS	68,764,285	68,383,239	68,405,840	68,638,968	127,582,629
16	CASH	19,818,903	14,227,831	11,829,970	9,933,849	3,146,597
17	SPECIAL DEPOSITS	13,677,593	4,751,280-	74,863,124	61,899,894	3,557,160
18	WORKING FUNDS	176,025	176,925	197,580	171,487	154,187
19	TEMPORARY CASH INVESTMENTS	190,786,000	351,881,000	3,300,000	21,600,000	272,073,860
20	NOTES & ACCTS. RECEIVABLE LESS ACCUM. PROV. FOR UNCOLLECTIBLE ACCOUNTS	168,083,466	171,466,747	177,601,513	183,446,914	168,028,746
21	RECEIVABLES - ASSOCIATED COMPANIES	-	1,545-	1,838-	2,130-	2,572-
22	MATERIALS AND SUPPLIES	82,325,391	62,716,132	71,197,194	77,368,452	71,786,226
23	GAS STORED UNDERGROUND - CURRENT	43,505,579	36,962,550	37,170,628	41,959,894	42,404,131
24	LIQUEFIED NATURAL GAS IN STORAGE	2,132,050	2,028,167	2,257,044	1,755,186	1,545,198
25	PREPAYMENTS	14,035,410	9,238,359	12,047,416	2,014,517	1,060,487
26	OTHER CURRENT AND ACCRUED ASSETS	42,421,307	21,996,650	23,987,547	27,254,647	23,248,778
27	TOTAL CURRENT AND ACCRUED ASSETS	576,961,724	665,941,536	414,450,178	427,402,710	587,002,798
28	UNAMORTIZED DEBT EXPENSE	59,059,186	65,624,119	31,833,338	31,852,357	18,603,746
29	EXTRAORDINARY PROPERTY LOSSES	118,484,593	127,590,121	25,537,410	42,512,850	-
30	PREL. SURVEY & INVESTIGATION CHARGES	-	-	-	-	-
31	CLEARING ACCOUNTS	-	-	-	-	-
32	DEFERRED LOSSES - DISP. OF UTILITY PLANT	-	-	-	-	-
33	RESEARCH AND DEVELOPEMENT	2,106,876	7,472,505-	15,062,718-	11,865,257-	2,495,654-
34	ACCUM. DEFERRED INCOME TAXES	127,060,820	65,798,589	26,285,692	28,295,356	9,825,413
35	OTHER DEFERRED DEBITS	47,596,620	61,880,250	88,877,333	32,120,027	13,732,361
36	TOTAL DEFERRED DEBITS	354,308,095	313,420,574	157,471,055	122,915,323	39,665,866
37	TOTAL ASSETS AND OTHER DEBITS	$ 9,299,251,454	$ 8,843,608,973	$ 7,954,494,610	$ 7,102,936,439	$ 6,449,473,101
	GAS UTILITY PLANT*					
38	INTANGIBLE PLANT	-	-	-	-	-
	PRODUCTION PLANT:					
39	MANUFACTURED GAS PLANT	7,220,897	7,096,219	5,507,086	5,453,216	5,438,106
40	NATURAL GAS PLANT	601,659	654,699	685,086	743,886	824,614
41	NATURAL GAS STORAGE PLANT					
42	UNDERGROUND STORAGE PLANT	-	-	-	-	-
43	OTHER STORAGE PLANT	14,680,989	14,273,321	12,697,753	12,594,543	12,644,404
44	TRANSMISSION PLANT	63,789,742	64,289,061	61,461,111	58,277,927	56,231,624
45	DISTRIBUTION PLANT	344,775,163	313,922,553	290,208,827	278,996,494	272,716,778
46	GENERAL PLANT	14,784,735	14,267,532	12,885,244	11,711,733	11,563,690
47	GAS PLANT PURCHASED OR SOLD	-	-	-	-	-
48	EXPERIMENTAL GAS PLANT UNCLASSIFIED	-	-	-	-	-
49	GAS STORED UNDERGROUND NON-CURRENT	754,383	754,383	754,383	754,383	754,383
50	TOTAL GAS PLANT IN SERVICE	446,607,568	415,257,768	384,199,490	368,532,182	360,173,599
51	PLANT LEASED TO OTHERS	-	-	-	-	-
52	PLANT HELD FOR FUTURE USE	-	-	-	-	-
53	CONSTRUCTION WORK IN PROGRESS	14,052,748	12,881,722	13,568,023	11,004,542	8,738,168
54	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
55	TOTAL GAS UTILITY PLANT	460,660,316	428,139,489	397,767,512	379,536,724	368,911,767
56	ACCUM. PROV. FOR DEPR. AND AMORT.	128,534,894	120,532,335	112,965,804	105,720,544	99,123,215
57	NET GAS UTILITY PLANT	332,125,422	307,607,154	284,801,708	273,816,180	269,788,552
	PLANT IN SERVICE:					
58	BEGINNING OF YEAR	415,257,768	384,199,490	368,532,182	360,173,599	341,136,687
59	ADDITIONS	33,099,308	32,663,911	16,941,760	10,007,082	20,978,525
60	RETIREMENTS	1,623,747	1,605,633	1,274,452	1,655,729	2,066,829
61	TRANSFERS AND ADJUSTMENTS	125,761-	-	-	7,230	125,216
62	END OF YEAR	$ 446,607,568	$ 415,257,767	$ 384,199,489	$ 368,532,182	$ 360,173,599

*EXCLUDES ALLOCATION OF COMMON PLANT

LONG ISLAND LIGHTING COMPANY
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

LIABILITIES AND OTHER CREDITS

ITEM	1987	1986	1985	1984	1983	LINE NO
COMMON STOCK ISSUED	$ 555,749,090	$ 555,524,975	$ 555,294,495	$ 551,060,780	$ 520,600,360	1
PREFERRED STOCK ISSUED	754,863,100	754,865,500	754,868,000	754,868,800	799,168,600	2
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	3
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	4
PREMIUM ON CAPITAL STOCK	997,445,750	997,219,759	996,986,474	996,016,528	962,892,136	5
OTHER PAID-IN CAPITAL	3,637,299	3,637,299	3,637,299	3,637,299	1,333,416	6
INSTALLMENTS REC'D ON CAPITAL STOCK	96,259	100,886	107,481	342,890	337,245	7
CAPITAL STOCK EXPENSE	56,143,605-	56,138,161-	56,116,102-	56,103,001-	56,278,151-	8
RETAINED EARNINGS	2,067,113,913	1,797,122,776	1,480,471,857	956,192,008	579,961,235	9
UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS	93,310	196,644	172,471	164,293	153,997	10
REACQUIRED CAPITAL STOCK	40,881,373-	25,701,240-	7,653,963-	505,284-	1,771,600-	11
TOTAL PROPRIETARY CAPITAL	4,281,973,743	4,026,828,438	3,727,768,012	3,205,674,313	2,806,397,238	12
BONDS (LESS BONDS REACQUIRED)	2,294,000,000	2,318,000,000	2,141,000,000	1,837,500,000	1,716,000,000	13
ADVANCES FROM ASSOCIATED COMPANIES	-	-	-	-	-	14
OTHER LONG-TERM DEBT	1,511,796,180	1,511,796,180	1,292,095,003	1,296,104,661	1,345,151,764	15
NET UNAMORTIZED PREMIUM + DISCOUNT	26,646,043-	28,281,187-	9,414,094-	9,658,157-	8,197,924-	16
TOTAL LONG TERM DEBT	3,779,150,137	3,801,514,993	3,423,680,909	3,123,946,504	3,052,953,840	17
NOTES PAYABLE	-	-	-	-	-	18
ACCOUNTS PAYABLE	84,015,717	89,185,088	102,166,095	120,943,807	111,937,957	19
PAYABLES TO ASSOCIATED COMPANIES	-	-	-	-	-	20
CUSTOMER DEPOSITS	16,347,729	15,361,594	14,013,590	12,761,596	12,230,663	21
TAXES ACCRUED	1,863,992	18,099,121	20,100,409	124,131,381	54,620,653	22
INTEREST ACCRUED	70,603,556	69,967,486	59,618,325	59,579,666	61,412,898	23
DIVIDENDS DECLARED	-	-	-	-	67,488,118	24
TAX COLLECTIONS PAYABLE	3,776,599	3,359,316	4,174,097	4,594,247	4,470,561	25
OTHER CURRENT AND ACCRUED LIABILITIES	44,309,027	36,307,104	45,267,803	39,051,309	23,817,666	26
TOTAL CURRENT AND ACCRUED LIABILITIES	220,916,620	232,279,709	245,340,319	361,062,006	335,978,516	27
CUSTOMER ADVANCES FOR CONSTRUCTION	6,678,860	5,308,768	4,428,264	3,364,718	3,021,885	28
DEFERRED GAINS FROM DISPOSITION OF UTILITY PLANT	-	-	-	-	-	29
ACCUM. DEFERRED INVESTMENT TAX CREDITS	22,740,987	71,384,400	289,045,446	243,906,530	143,790,116	30
OTHER DEFERRED CREDITS	76,537,688	69,886,185	183,838,163	106,482,867	71,461,297	31
ACCUMULATED DEFERRED INCOME TAXES:						
ACCELERATED AMORTIZATION	451,501	882,480	1,313,530	1,744,440	2,175,420	32
LIBERALIZED DEPRECIATION	814,463,397	565,252,901	39,516,513	26,936,127	20,908,819	33
OTHER	83,741,727	55,238,665	30,229,919	10,821,005	6,199,517	34
TOTAL DEFERRED CREDITS	1,004,614,160	767,953,399	548,371,835	393,255,687	247,557,054	35
PROPERTY INSURANCE RESERVE	-	-	-	-	925,926	36
INJURIES AND DAMAGE RESERVES	7,700,000	9,290,418	8,456,239	7,121,867	6,437,577	37
PENSION AND BENEFITS RESERVE	2,149,716	1,808,824	2,097,539	1,679,971	1,232,996	38
MISCELLANEOUS OPERATING RESERVES	2,747,078	3,933,192	1,220,243-	10,196,091	2,010,046-	39
TOTAL OPERATING RESERVES	12,596,794	15,032,434	9,333,535	18,997,929	6,586,453	40
TOTAL LIABILITIES AND OTHER CREDITS	$ 9,299,251,454	$ 8,843,608,973	$ 7,954,494,610	$ 7,102,936,439	$ 6,449,473,101	41

SELECTED BALANCE SHEET RELATIONSHIPS

ITEM	1987	1986	1985	1984	1983	LINE NO
CURRENT ASSETS / BY CURRENT LIABILITIES	2.61	2.87	1.69	1.18	1.75	42
PERCENT OF CAPITALIZATION:						
LONG-TERM DEBT	46.8	48.5	47.8	49.3	52.1	43
PREFERRED STOCK	9.3	9.6	10.5	11.9	13.6	44
COMMON STOCK AND OTHER PAID-IN CAPITAL	18.1	18.8	20.8	23.6	24.3	45
RETAINED EARNINGS	25.6	22.9	20.7	15.1	9.8	46
LONG-TERM DEBT: % OF GROSS UTILITY PLANT	40.7	43.6	41.9	42.9	47.5	47
ACCUM. PROV. FOR DEPR.: % OF UTILITY PLT	10.5	10.5	10.4	10.8	11.3	48

LONG ISLAND LIGHTING COMPANY
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO		1987	1986	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL:					
1	NET INCOME	$ 269,887,803	$ 332,675,092	$ 524,288,027	$ 427,787,905	$ 364,973,659
2	DEPRECIATION AND AMORTIZATION	84,757,707	86,418,595	83,664,214	71,390,748	64,477,554
3	DEFERRED INCOME TAXES - NET	167,376,935	170,365,053	153,530,738	101,719,289	65,019,864
4	INTEREST CAPITALIZED	181,034,208-	251,389,566-	378,239,591-	310,120,980-	284,841,162-
5	OTHER (NET)	21,694,005	21,847,415	28,649,645	24,726,099	13,166,782
6	SUBTOTAL	362,682,242	359,916,589	411,893,033	315,503,061	222,796,697
7	EXTRAORDINARY ITEMS	-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	362,682,242	359,916,589	411,893,033	315,503,061	222,796,697
9	LESS DIVIDENDS: PREFERRED	-	-	-	51,545,379	78,998,037
10	COMMON	-	-	-	258	207,628,164
11	NET FUNDS - INTERNAL SOURCES	362,682,242	359,916,589	411,893,033	263,957,424	63,829,504-
	EXTERNAL:					
12	LONG TERM DEBT	-	1,225,000,000	503,729,554	264,500,000	685,000,000
13	PREFERRED STOCK	-	-	-	-	171,768,990
14	COMMON STOCK	445,479	457,171	2,180,427-	63,584,811	54,351,541
15	NET INCREASE IN SHORT TERM DEBT	-	358,579,768	-	-	-
16	OTHER (NET)	-	-	54,292,006-	84,990,491-	175,039,568
17	TOTAL FUNDS - EXTERNAL SOURCES	445,479	1,584,036,939	447,257,121	243,094,320	1,086,160,099
	OTHER SOURCES:					
18	NET DECREASE IN WORKING CAPITAL	77,616,721	-	-	184,683,579	-
19	OTHER	22,342,281	123,452,527	1,204,313	106,796,141	37,755,964
20	TOTAL FUNDS PROVIDED	$ 463,086,723	$ 2,067,406,055	$ 860,354,467	$ 798,531,464	$ 1,060,086,559
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES:					
21	GAS PLANT	$ 32,833,056	$ 30,199,545	$ 21,200,071	$ 12,742,450	$ 18,557,021
22	LIQUEFIED NATURAL GAS PLANT	5,028,234	2,701,918	548,873	316,727	390,164
23	NON-UTILITY	-	10	-	-	-
24	OTHER	541,566,185	523,666,793	879,434,506	907,994,337	880,729,522
25	TOTAL CONSTRUCTION	579,427,475	556,568,266	901,183,450	921,053,514	899,676,707
26	LESS INTEREST CAPITALIZED	181,034,208	251,389,566	378,239,591	310,120,980	284,841,162
27	TOTAL EXCLUDING INTEREST CAPITALIZED	398,393,267	305,178,700	522,943,859	610,932,534	614,835,545
	RETIREMENT OF SECURITIES:					
28	LONG TERM DEBT	24,000,000	552,786,632	149,947,206	107,056,611	107,052,046
29	PREFERRED STOCK	15,182,533	18,049,777	800	40,729,602	14,323,300
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	-	-	-	-
32	OTHER (NET)	-	634,091,959	-	-	-
34	TOTAL RETIREMENT OF SECURITIES	39,182,533	1,204,928,368	149,948,006	147,786,213	121,375,346
	OTHER USES:					
35	NET INCREASE IN WORKING CAPITAL	-	335,929,030	118,672,009	-	237,920,390
36	OTHER (NET)	25,510,923	221,369,957	68,790,593	39,812,717	85,955,278
37	TOTAL FUNDS APPLIED	$ 463,086,723	$ 2,067,406,055	$ 860,354,467	$ 798,531,464	$ 1,060,086,559

LONG ISLAND LIGHTING COMPANY
COMPARATIVE STATEMENTS OF INCOME AND RETAINED EARNINGS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
GAS OPERATING INCOME						
OPERATING REVENUES	$ 391,704,077	$ 372,849,072	$ 438,420,039	$ 483,835,248	$ 447,198,635	1
OPERATION AND MAINTENANCE EXPENSE	279,094,046	270,773,889	321,640,210	386,210,627	361,553,528	2
DEPRECIATION EXPENSE	9,998,988	8,907,532	8,158,905	7,910,709	7,619,556	3
AMORTIZATION	65,571	37,588	72,626	99,796	616,246	4
TAXES OTHER THAN INCOME TAXES	50,111,883	47,483,475	46,678,329	42,163,952	39,362,375	5
INCOME TAXES	18,559,818	5,969,089	9,223,864	20,002,830	14,474,329	6
PROVISION FOR DEFERRED INCOME TAXES	12,323,279	1,926,397-	2,107,164	4,208,628	3,589,444-	7
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	16,570,517-	6,193,287	9,314,757	9,215,316-	1,820,127-	8
MISC. ADJUSTMENTS OF INCOME TAXES	359,000	-	-	-	-	9
GAINS FROM DISPOSITION OF UTILITY PLT	-	-	-	-	-	10
LOSSES FROM DISPOSITION OF UTILITY PLT	-	-	-	-	-	11
TOTAL OPERATING EXPENSES	353,942,068	337,438,463	397,195,855	451,381,226	418,216,463	12
NET OPERATING REVENUES	37,762,009	35,410,609	41,224,184	32,454,022	28,982,172	13
INC. - LEASED PLT. & OTHER OPER. INC.	-	-	-	-	-	14
GAS OPERATING INCOME	37,762,009	35,410,609	41,224,184	32,454,022	28,982,172	15
OTHER UTILITY OPERATING INCOME	344,842,051	351,668,597	346,915,754	281,405,645	240,565,653	16
TOTAL UTILITY OPERATING INCOME	382,604,060	387,079,206	388,139,938	313,859,667	269,547,825	17
OTHER INCOME:						
MERCH., JOBBING AND CONTRACT WORK	93,890	58,568-	38,691-	81,143	119,210-	18
INCOME FROM NONUTILITY OPERATIONS	-	-	-	-	-	19
NONOPERATING RENTAL INCOME	30,211-	26,521-	67,238	1,909-	14,986-	20
EQUITY IN EARNINGS OF SUBSIDIARY CO'S	27,643	70,914	66,504	68,621	87,194	21
INTEREST AND DIVIDEND INCOME	20,298,198	9,154,261	2,414,817	20,993,947	12,892,725	22
ALLOWANCE FOR CONSTRUCTION FUNDS	181,034,207	251,389,566	378,239,590	310,120,981	284,841,162	23
MISCELLANEOUS NONOPERATING INCOME	573,251	1,315,550	39,768-	39,938-	69,658-	24
GAIN ON DISPOSITION OF PROPERTY	127,893	504,862	13,120	-	22,567	25
TOTAL OTHER INCOME	202,124,871	262,350,064	380,722,810	331,222,845	297,639,794	26
TOTAL INCOME	584,728,931	649,429,270	768,862,748	645,082,512	567,187,619	27
INCOME DEDUCTIONS:						
TAXES OTHER THAN INC. TAXES-NONOPERATING	102,136	770,284-	353,495	3,758,779-	148,331-	28
INCOME TAXES-NONOPERATING	118,866,914-	82,577,549-	85,049,531-	81,003,124-	31,511,016-	29
LOSS ON DISPOSITION OF PROPERTY	19,250	351,965	6,485	-	54	30
MISCELLANEOUS AMORTIZATION	-	-	-	599,289	1,177,407	31
MISCELLANEOUS INCOME DEDUCTIONS	6,084,850	20,678,540	2,727,274	13,494,787	3,283,747	32
TOTAL INCOME DEDUCTIONS	112,660,678-	62,317,328-	81,962,277-	70,667,827-	27,198,139-	33
INCOME BEFORE INTEREST CHARGES	697,389,609	711,746,598	850,825,025	715,750,339	594,385,758	34
INTEREST CHARGES:						
INTEREST ON LONG-TERM DEBT	410,097,509	379,751,440	310,975,697	275,978,832	214,952,213	35
AMORT. OF DEBT DISCOUNT + EXPENSE	8,902,792	7,253,392	11,257,645	5,825,519	2,126,276	36
AMORT. OF PREMIUM ON DEBT-CREDIT	101,692-	111,470-	115,692-	127,038-	129,173-	37
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	38
OTHER INTEREST EXPENSE	8,603,197	8,178,144	4,419,348	6,285,120	12,462,783	39
TOTAL INTEREST CHARGES	427,501,806	395,071,506	326,536,998	287,962,433	229,412,099	40
INCOME BEFORE EXTRAORDINARY ITEMS	269,887,803	316,675,092	524,288,027	427,787,906	364,973,659	41
EXTRAORDINARY ITEMS - NET	-	-	-	-	-	42
NET INCOME	$ 269,887,803	$ 316,675,092	$ 524,288,027	$ 427,787,906	$ 364,973,659	43
RETAINED EARNINGS:						
BEGINNING OF YEAR	$ 1,797,122,776	$ 1,480,471,857	$ 956,192,008	$ 579,961,235	$ 501,680,906	44
BALANCE TRANSFERRED FROM INCOME	269,991,137	316,650,919	524,279,849	427,777,610	364,944,790	45
APPROPRIATIONS	-	-	-	-	-	46
DIVIDENDS DECLARED-PREFERRED STOCK	-	-	-	51,545,380	78,998,038	47
-COMMON STOCK	-	-	-	258	207,628,164	48
ADJUSTMENTS-	-	-	-	1,199-	38,259-	49
BALANCE END OF YEAR	2,067,113,913	1,797,122,776	1,480,471,857	956,192,008	579,961,235	50
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	51
UNDISTRIBUTED SUBSIDIARY EARNINGS	93,310	196,644	172,471	164,293	153,997	52
TOTAL END OF YEAR	$ 2,067,207,223	$ 1,797,319,420	$ 1,480,644,328	$ 956,356,301	$ 580,115,232	53
SELECTED INCOME ACCOUNT RELATIONSHIPS						
GAS OPERATING REVENUES						
% OF TOTAL OPERATING REVENUES	18.5	18.7	20.7	23.0	23.7	54
NET INCOME-PERCENT OF OPERATING REVENUES	12.7	15.9	24.7	20.3	19.3	55
PRETAX COVERAGE OF INTEREST CHARGES	2.0	2.2 *	2.8*	2.4*	2.5*	56
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	-	-	-	-	72.6	57
RETURN ON COMMON EQUITY	5.6**	7.5**	16.2**	15.2**	14.7	58

* LONG ISLAND LIGHTING COMPANY INCLUDES INTEREST ON TRUST OBLIGATIONS.

** CALCULATION ASSUMES LONG ISLAND LIGHTING COMPANY'S PREFERRED DIVIDENDS ARE ACCRUED.

LONG ISLAND LIGHTING COMPANY
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	REVENUES					
1	RESIDENTIAL	$ 227,180,473	$ 243,329,924	$ 225,995,049	$ 230,950,887	$ 222,896,490
2	COMMERCIAL AND INDUSTRIAL	115,859,875	121,984,708	126,756,742	127,116,989	126,829,349
3	OTHER SALES TO PUBLIC AUTHORITIES	-	-	-	-	-
4	INTERDEPARTMENTAL	36,754,440	5,487,697	82,742,339	123,560,918	95,284,658
5	TOTAL REVENUES - ULTIMATE CONSUMERS	379,794,788	370,802,329	435,494,130	481,628,794	445,010,497
6	RESALE	4,969,983	-	-	-	-
7	TOTAL REVENUES FROM SALES OF GAS	384,764,771	370,802,329	435,494,130	481,628,794	445,010,497
8	OTHER GAS OPERATING REVENUES	6,939,306	2,046,743	2,925,909	2,206,455	2,188,138
9	TOTAL GAS OPERATING REVENUES	$ 391,704,077	$ 372,849,072	$ 438,420,039	$ 483,835,249	$ 447,198,635
	GAS SALES (MCF):					
10	RESIDENTIAL	31,811,233	30,958,838	28,929,719	30,186,846	28,519,898
11	COMMERCIAL AND INDUSTRIAL	20,227,578	19,046,949	19,032,617	19,025,393	18,252,638
12	OTHER SALES TO PUBLIC AUTHORITIES	-	-	-	-	-
13	INTERDEPARTMENTAL	11,862,074	1,022,532	19,350,089	26,963,001	21,929,212
14	TOTAL SALES TO ULTIMATE CONSUMERS	63,900,885	51,028,319	67,312,425	76,175,241	68,701,749
15	RESALE	2,157,624	-	-	-	-
16	TOTAL GAS SALES	66,058,509	51,028,319	67,312,425	76,175,241	68,701,749
	CUSTOMERS - AVERAGE PER MONTH:					
17	RESIDENTIAL	376,961	373,225	371,187	369,537	368,217
18	COMMERCIAL AND INDUSTRIAL	36,311	34,692	33,162	32,452	32,226
19	OTHER SALES TO PUBLIC AUTHORITIES	-	-	-	-	-
20	INTERDEPARTMENTAL	1	1	-	-	-
21	TOTAL ULTIMATE CONSUMERS	413,273	407,917	404,349	401,989	400,443
22	RESALE	-	-	-	-	-
23	TOTAL CUSTOMERS	413,273	407,917	404,349	401,989	400,443
	GAS OPERATING REVENUE RELATIONSHIPS					
	RESIDENTIAL SALES					
24	AVERAGE ANNUAL BILL PER CUSTOMER	$ 602.66	$ 651.97	$ 608.84	$ 624.97	$ 605.34
25	AVERAGE MCF CONSUMPTION PER CUSTOMER	84	83	78	82	77
26	AVERAGE REVENUE PER MCF SOLD	$ 7.14	$ 7.86	$ 7.81	$ 7.65	$ 7.82
	COMMERCIAL AND INDUSTRIAL SALES					
27	AVERAGE ANNUAL BILL PER CUSTOMER	$ 3,190.77	$ 3,516.22	$ 3,822.35	$ 3,917.08	$ 3,935.62
28	AVERAGE MCF CONSUMPTION PER CUSTOMER	557	549	574	586	566
29	AVERAGE REVENUE PER MCF SOLD	$ 5.73	$ 6.40	$ 6.66	$ 6.68	$ 6.95
	GAS OPERATION AND MAINTENANCE EXPENSES					
	PRODUCTION EXPENSES					
	MANUFACTURED GAS					
30	STEAM	$ 148,454	$ 81,472	$ 144,399	$ 165,470	$ 215,919
31	MANUFACTURED GAS	927,537	911,981	805,287	621,542	610,853
	NATURAL GAS					
32	PRODUCTION AND GATHERING	2,057	5,192	7,606	7,917	16,135
33	EXPLORATION AND DEVELOPMENT					
	OTHER GAS SUPPLY EXPENSES					
34	PURCHASED GAS	215,417,154	208,218,673	277,382,554	313,363,544	299,312,268
35	OTHER	6,051,665-	999,569	4,704,045	806,730	3,785,967
36	TOTAL PRODUCTION EXPENSE	210,443,537	210,216,887	283,043,891	314,965,203	303,941,142
	NATURAL GAS STORAGE EXPENSES:					
37	UNDERGROUND STORAGE EXPENSES	-	-	-	-	-
38	OTHER STORAGE EXPENSES	2,289,059	2,175,550	2,149,712	2,028,067	1,776,160
39	TOTAL NATURAL GAS STORAGE EXPENSE	2,289,059	2,175,550	2,149,712	2,028,067	1,776,160
40	TRANSMISSION EXPENSES	5,628,095	4,815,577	4,400,631	4,264,249	4,090,308
41	DISTRIBUTION EXPENSES	34,856,490	31,968,309	30,123,883	29,408,888	30,462,680
42	CUSTOMER ACCOUNTS EXPENSES	8,575,093	7,905,942	7,578,900	7,242,220	8,366,774
43	SALES EXPENSES	2,939,665	1,710,792	769,096	1,078,795	864,531
44	ADMINISTRATIVE AND GENERAL EXPENSES	14,362,117	11,980,832	6,425,906-	27,223,205	12,051,933
45	TOTAL O & M EXPENSES	$ 279,094,046	$ 270,773,889	$ 321,640,210	$ 386,210,627	$ 361,553,528

LONG ISLAND LIGHTING COMPANY
DISTRIBUTION OF GAS REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
REVENUES	$ 391,704,077	$ 372,849,072	$ 438,420,039	$ 483,835,248	$ 447,198,635	1
SALES (MCF)	66,058,509	51,028,319	67,312,425	76,175,241	68,701,749	2
			DOLLAR AMOUNTS			
PURCHASED GAS & OTHER SUPPLY EXPENSE	$ 209,365,489	$ 209,218,242	$ 282,086,599	$ 314,170,274	$ 303,098,235	3
WAGES AND BENEFITS	44,142,426	39,989,463	21,848,357	38,360,470	38,000,989	4
OTHER OPERATION AND MAINTENANCE EXPENSES	25,586,131	21,566,184	17,705,254	33,679,883	20,454,304	5
DEPRECIATION AND AMORTIZATION EXPENSES	10,064,559	8,945,120	8,231,531	8,010,505	8,235,802	6
INCOME TAXES - OPERATING	14,671,580	10,235,979	20,645,785	14,996,142	9,064,758	7
OTHER TAXES - OPERATING	50,111,883	47,483,475	46,678,329	42,163,952	39,362,375	8
*INTEREST CHARGES **	16,571,665	15,901,027	13,881,566	14,975,568	13,351,644	9
*PREFERRED DIVIDENDS **	2,944,146	3,047,567	3,181,381	3,654,686	4,542,992	10
EARNINGS AVAILABLE FOR COMMON EQUITY	18,246,198	16,462,015	24,161,237	13,823,768	11,087,536	11
TOTAL	$ 391,704,077	$ 372,849,072	$ 438,420,039	$ 483,835,248	$ 447,198,635	12
			PERCENT OF REVENUES			
PURCHASED GAS & OTHER SUPPLY EXPENSE	53.4	56.1	64.3	64.9	67.8	13
WAGES AND BENEFITS	11.3	10.7	5.0	7.9	8.5	14
OTHER OPERATION AND MAINTENANCE EXPENSES	6.5	5.8	4.0	7.0	4.6	15
DEPRECIATION AND AMORTIZATION EXPENSES	2.6	2.4	1.9	1.7	1.8	16
INCOME TAXES - OPERATING	3.7	2.7	4.7	3.1	2.0	17
OTHER TAXES - OPERATING	12.8	12.7	10.6	8.7	8.8	18
*INTEREST CHARGES **	4.2	4.3	3.2	3.1	3.0	19
*PREFERRED DIVIDENDS **	0.8	0.8	0.7	0.8	1.0	20
EARNINGS AVAILABLE FOR COMMON EQUITY	4.7	4.4	5.5	2.9	2.5	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
			DOLLARS PER MCF			
PURCHASED GAS & OTHER SUPPLY EXPENSE	$ 3.17	$ 4.10	$ 4.19	$ 4.12	$ 4.41	23
WAGES AND BENEFITS	0.67	0.78	0.32	0.50	0.55	24
OTHER OPERATION AND MAINTENANCE EXPENSES	0.39	0.42	0.26	0.44	0.30	25
DEPRECIATION AND AMORTIZATION EXPENSES	0.15	0.18	0.12	0.11	0.12	26
INCOME TAXES - OPERATING	0.22	0.20	0.31	0.20	0.13	27
OTHER TAXES.- OPERATING	0.76	0.93	0.69	0.55	0.57	28
*INTEREST CHARGES **	0.25	0.31	0.21	0.20	0.19	29
*PREFERRED DIVIDENDS **	0.04	0.06	0.05	0.05	0.07	30
EARNINGS AVAILABLE FOR COMMON EQUITY	0.28	0.32	0.36	0.18	0.16	31
TOTAL	$ 5.93	$ 7.31	$ 6.51	$ 6.35	$ 6.51	32
*STARRED ITEMS ARE ALLOCATED TO GAS OPERATIONS BASED ON THE RATIO OF NET GAS PLANT TO NET TOTAL PLANT LESS NET COMMON PLANT AT DECEMBER 31- STATED AS PERCENTS	4.04	3.98	3.93	4.26	4.79	33

** NET OF AFC.

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
COMPARATIVE BALANCE SHEFTS AND STATEMENTS OF GAS PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	GAS UTILITY PLANT	$ 658,029,660	$ 614,583,460	$ 576,645,541	$ 534,207,351	$ 499,989,956
2	ACCUM PROV FOR DEPR AND AMORT	143,540,660	132,003,630	125,260,770	115,971,128	107,359,590
3	NET GAS UTILITY PLANT	514,489,000	482,579,830	451,384,771	418,236,223	392,630,366
4	OTHER UTILITY PLANT	-	-	-	-	-
5	ACCUM PROV FOR DEPR AND AMORT	-	-	-	-	-
6	NET OTHER UTILITY PLANT	-	-	-	-	-
7	TOTAL UTILITY PLANT	658,029,660	614,583,460	576,645,541	534,207,351	499,989,956
8	ACCUM PROV FOR DEPR AND AMORT	143,540,660	132,003,630	125,260,770	115,971,128	107,359,590
9	NET TOTAL UTILITY PLANT	514,489,000	482,579,830	451,384,771	418,236,223	392,630,366
10	NONUTILITY PROPERTY LESS ACCUM PROV. FOR DEPR AND AMORT	83,225	83,225	83,225	83,225	83,225
11	INVESTMENT IN ASSOCIATED COMPANIES	-	-	-	-	-
12	INVESTMENT IN SUBSIDIARY COMPANIES	-	-	-	-	-
13	OTHER INVESTMENTS	16,337	42,194	368,626	369,727	374,266
14	SPECIAL FUNDS	494,107	365,928	-	-	-
15	TOTAL OTHER PROPERTY AND INVESTMENTS	593,669	491,347	451,851	452,952	457,491
16	CASH	8,148,797	10,688,885	10,240,372	6,893,957	5,196,629
17	SPECIAL DEPOSITS	3,409,096	3,225,172	3,034,569	2,812,463	2,555,773
18	WORKING FUNDS	515,210	521,039	466,934	415,890	358,283
19	TEMPORARY CASH INVESTMENTS	-	-	-	380,549	-
20	NOTES & ACCTS RECEIVABLE LESS ACCUM PROV FOR UNCOLLECTIBLE ACCOUNTS	54,876,211	56,324,143	73,543,416	73,505,487	82,472,216
21	RECEIVABLES - ASSOCIATED COMPANIES	6,473,937	822,091	927,474	645,931	1,017,672
22	MATERIALS AND SUPPLIES	8,098,382	6,992,214	8,087,526	9,045,993	10,521,232
23	GAS STORED UNDERGROUND - CURRENT	-	-	-	-	-
24	LIQUEFIED NATURAL GAS IN STORAGE	-	-	-	-	-
25	PREPAYMENTS	10,395,361	9,213,050	7,018,171	7,014,424	6,559,548
26	OTHER CURRENT AND ACCRUED ASSETS	405,382	560,244	120,307	168,027	995,855
27	TOTAL CURRENT AND ACCRUED ASSETS	92,322,376	88,346,838	103,438,769	100,882,721	109,677,208
28	UNAMORTIZED DEBT EXPENSE	2,021,363	2,129,169	-	-	-
29	EXTRAORDINARY PROPERTY LOSSES	-	-	-	-	-
30	PREL. SURVEY & INVESTIGATION CHARGES	77,409	49,907	35,692	6,208	-
31	CLEARING ACCOUNTS	377,044	395,337	186,265	9,967-	48,644-
32	DEFERRED LOSSES - DISP. OF UTILITY PLANT	-	-	-	-	-
33	RESEARCH AND DEVELOPEMENT	613,244	382,146	158,218	168,480	170,770
34	ACCUM DEFERRED INCOME TAXES	197,640-	189,026-	171,994-	105,604-	70,255-
35	OTHER DEFERRED DEBITS	37,108,526	41,676,184	50,345,351	21,090,573	64,880,099
36	TOTAL DEFERRED DEBITS	39,999,946	44,443,717	50,553,532	21,149,690	64,931,970
37	TOTAL ASSETS AND OTHER DEBITS	$ 647,404,991	$ 615,861,732	$ 605,828,923	$ 540,721,586	$ 567,697,035
	GAS UTILITY PLANT*					
38	INTANGIBLE PLANT	$ 318,881	$ 318,881	$ 318,881	$ 318,881	$ 318,881
	PRODUCTION PLANT					
39	MANUFACTURED GAS PLANT	-	-	-	-	-
40	NATURAL GAS PLANT	18,292,695	18,280,298	18,160,965	18,354,318	18,946,143
41	NATURAL GAS STORAGE PLANT					
42	UNDERGROUND STORAGE PLANT	-	-	-	-	-
43	OTHER STORAGE PLANT	-	-	-	-	-
44	TRANSMISSION PLANT	26,758,218	24,993,655	25,735,258	24,276,631	25,878,506
45	DISTRIBUTION PLANT	566,669,326	528,854,697	495,294,718	459,359,036	423,680,651
46	GENERAL PLANT	36,186,037	34,560,598	31,646,323	26,534,706	24,066,408
47	GAS PLANT PURCHASED OR SOLD	-	-	-	-	-
48	EXPERIMENTAL GAS PLANT UNCLASSIFIED	-	-	-	-	-
49	GAS STORED UNDERGROUND NON-CURRENT	-	-	-	-	-
50	TOTAL GAS PLANT IN SERVICE	648,225,157	607,008,129	571,156,145	528,843,572	492,890,589
51	PLANT LEASED TO OTHERS	-	-	-	-	-
52	PLANT HELD FOR FUTURE USE	-	-	-	-	-
53	CONSTRUCTION WORK IN PROGRESS	9,804,503	7,575,331	5,489,396	5,363,779	7,099,367
54	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
55	TOTAL GAS UTILITY PLANT	658,029,660	614,583,460	576,645,541	534,207,351	499,989,956
56	ACCUM. PROV. FOR DEPR. AND AMORT.	143,540,660	132,003,630	125,260,770	115,971,128	107,359,590
57	NET GAS UTILITY PLANT	514,489,000	482,579,830	451,384,771	418,236,223	392,630,366
	PLANT IN SERVICE:					
58	BEGINNING OF YEAR	607,008,129	571,156,145	528,843,572	492,890,589	465,580,043
59	ADDITIONS	36,421,924	32,539,435	41,881,237	35,895,607	29,872,871
60	RETIREMENTS	5,939,827	6,855,464	3,888,431	4,606,409	5,934,040
61	TRANSFERS AND ADJUSTMENTS	10,734,931	10,168,013	4,319,767	4,663,785	3,371,715
62	END OF YEAR	$ 648,225,157	$ 607,008,129	$ 571,156,145	$ 528,843,572	$ 492,890,589

*EXCLUDES ALLOCATION OF COMMON PLANT

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON STOCK ISSUED	$ 59,170,600	$ 59,170,600	$ 59,170,600	$ 59,170,600	$ 59,170,600	1
PREFERRED STOCK ISSUED	-	-	-	-	-	2
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	3
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	4
PREMIUM ON CAPITAL STOCK	68,500	68,500	68,500	68,500	68,500	5
OTHER PAID-IN CAPITAL	4,107,184	4,107,184	4,107,184	4,107,184	4,107,184	6
INSTALLMENTS REC'D ON CAPITAL STOCK	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	115,312,036	121,609,340	117,891,651	113,607,327	101,846,981	9
UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS	-	-	-	-	-	10
REACQUIRED CAPITAL STOCK	-	-	-	-	-	11
TOTAL PROPRIETARY CAPITAL	178,658,320	184,955,624	181,237,935	176,953,611	165,193,265	12
BONDS (LESS BONDS REACQUIRED)	-	-	-	-	-	13
ADVANCES FROM ASSOCIATED COMPANIES	174,905,900	182,506,800	143,900,700	151,323,300	176,704,100	14
OTHER LONG-TERM DEBT	658,385	674,641	685,968	700,000	-	15
NET UNAMORTIZED PREMIUM - DISCOUNT	-	-	-	-	-	16
TOTAL LONG TERM DEBT	175,564,285	183,181,441	144,586,668	152,023,300	176,704,100	17
NOTES PAYABLE	-	-	-	-	-	18
ACCOUNTS PAYABLE	5,244,568	7,688,238	4,518,372	4,990,548	7,205,656	19
PAYABLES TO ASSOCIATED COMPANIES	203,510,294	155,034,954	180,540,697	111,314,926	119,772,597	20
CUSTOMER DEPOSITS	2,503,455	2,836,592	2,637,298	2,383,305	2,153,808	21
TAXES ACCRUED	5,130,832-	5,610,175-	15,605,067-	9,360,813-	9,849,025-	22
INTEREST ACCRUED	101,871	123,676	113,883	103,578	100,107	23
DIVIDENDS DECLARED	4,757,500	4,320,000	4,662,500	3,531,000	2,715,000	24
TAX COLLECTIONS PAYABLE	2,317,267	3,390,424	3,608,342	2,963,696	3,270,795	25
OTHER CURRENT AND ACCRUED LIABILITIES	4,159,503	9,539,121	30,368,737	48,163,273	40,427,058	26
TOTAL CURRENT AND ACCRUED LIABILITIES	217,463,626	177,322,830	210,844,762	164,089,513	165,795,996	27
CUSTOMER ADVANCES FOR CONSTRUCTION	766,287	587,566	523,125	493,732	483,662	28
DEFERRED GAINS FROM DISPOSITION OF UTILITY PLANT	-	-	-	-	-	29
ACCUM. DEFERRED INVESTMENT TAX CREDITS	18,473,379	18,688,901	19,748,226	16,856,241	14,754,042	30
OTHER DEFERRED CREDITS	3,087,808	2,918,776	2,816,987	2,582,868	2,403,024	31
ACCUMULATED DEFERRED INCOME TAXES						
ACCELERATED AMORTIZATION	-	-	-	-	-	32
LIBERALIZED DEPRECIATION	35,938,363	30,358,955	25,146,983	20,205,504	15,876,893	33
OTHER	16,938,537	17,667,784	20,912,540	7,682,840	26,504,528	34
TOTAL DEFERRED CREDITS	75,204,374	70,221,982	69,147,861	47,821,185	60,022,149	35
PROPERTY INSURANCE RESERVE	-	-	-	-	-	36
INJURIES AND DAMAGE RESERVES	829-	30,800-	11,697	166,023-	18,475-	37
PENSION AND BENEFITS RESERVE	515,215	210,655	-	-	-	38
MISCELLANEOUS OPERATING RESERVES	-	-	-	-	-	39
TOTAL OPERATING RESERVES	514,386	179,855	11,697	166,023-	18,475-	40
TOTAL LIABILITIES AND OTHER CREDITS	$ 647,404,991	$ 615,861,732	$ 605,828,923	$ 540,721,586	$ 567,697,036	41
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS / BY CURRENT LIABILITIES	0.42	0.50	0.49	0.61	0.66	42
PERCENT OF CAPITALIZATION						
LONG-TERM DEBT	49.5	49.7	44.3	46.2	51.6	43
PREFERRED STOCK	-	-	-	-	-	44
COMMON STOCK AND OTHER PAID-IN CAPITAL	17.8	17.2	19.4	19.2	18.5	45
RETAINED EARNINGS	32.5	33.0	36.1	34.5	29.7	46
LONG-TERM DEBT: % OF GROSS UTILITY PLANT	26.6	29.8	25.0	28.4	35.3	47
ACCUM. PROV. FOR DEPR.: % OF UTILITY PLT	21.8	21.4	21.7	21.7	21.4	48

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO		1987	1986	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL					
1	NET INCOME	$ 14,894,695	$ 22,182,689	$ 20,671,324	$ 24,523,847	$ 19,385,896
2	DEPRECIATION AND AMORTIZATION	17,331,311	15,997,383	14,880,777	13,901,043	12,857,678
3	DEFERRED INCOME TAXES - NET	4,749,530	1,336,407	21,520,074	11,917,590-	11,698,111
4	INTEREST CAPITALIZED	570,183-	494,164-	567,621-	395,702-	490,693-
5	OTHER (NET)	-	-	-	-	-
6	SUBTOTAL	36,405,353	39,022,315	56,504,554	26,111,598	43,450,992
7	EXTRAORDINARY ITEMS	-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	36,405,353	39,022,315	56,504,554	26,111,598	43,450,992
9	LESS DIVIDENDS PREFERRED	-	-	-	-	-
10	COMMON	21,192,000	18,465,000	16,387,000	12,763,500	10,290,000
11	NET FUNDS - INTERNAL SOURCES	15,213,353	20,557,315	40,117,554	13,348,098	33,160,992
	EXTERNAL					
12	LONG TERM DEBT	-	100,000,000	-	700,000	50,000,000
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	54,150,000	2,225,000	61,200,000	12,100,000	-
16	OTHER (NET)	-	-	-	43,355,897	-
17	TOTAL FUNDS - EXTERNAL SOURCES	54,150,000	102,225,000	61,200,000	56,155,897	50,000,000
	OTHER SOURCES					
18	NET DECREASE IN WORKING CAPITAL	-	-	-	-	26,751,448
19	OTHER	4,530,177	5,881,525	-	-	5,463,067
20	TOTAL FUNDS PROVIDED	$ 73,893,530	$ 128,663,840	$ 101,317,554	$ 69,503,995	$ 115,375,507
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
21	GAS PLANT	$ 48,861,816	$ 47,097,776	$ 48,029,325	$ 39,506,899	$ 34,667,316
22	LIQUEFIED NATURAL GAS PLANT	-	-	-	-	-
23	NON-UTILITY	-	-	-	-	3,484
24	OTHER	-	-	-	-	-
25	TOTAL CONSTRUCTION	48,861,816	47,097,776	48,029,325	39,506,899	34,670,800
26	LESS INTEREST CAPITALIZED	570,183	494,164	567,621	395,702	490,693
27	TOTAL EXCLUDING INTEREST CAPITALIZED	48,291,633	46,603,612	47,461,704	39,111,197	34,180,107
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	7,617,156	61,405,227	7,436,632	25,380,800	16,095,400
29	PREFERRED STOCK	-	-	-	-	-
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	-	-	-	65,100,000
32	OTHER (NET)	-	-	-	-	-
34	TOTAL RETIREMENT OF SECURITIES	7,617,156	61,405,227	7,436,632	25,380,800	81,195,400
	OTHER USES					
35	NET INCREASE IN WORKING CAPITAL	17,984,741	20,665,001	17,000,799	5,011,998	-
36	OTHER (NET)	-	-	29,418,419	-	-
37	TOTAL FUNDS APPLIED	$ 73,893,530	$ 128,663,840	$ 101,317,554	$ 69,503,995	$ 115,375,507

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
COMPARATIVE STATEMENTS OF INCOME AND RETAINED EARNINGS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
GAS OPERATING INCOME						
OPERATING REVENUES	$ 634,581,000	$ 792,837,128	$ 873,526,109	$ 947,231,883	$ 973,860,193	1
OPERATION AND MAINTENANCE EXPENSE	518,116,479	663,353,228	746,235,059	814,051,361	856,508,212	2
DEPRECIATION EXPENSE	16,789,971	15,703,734	14,579,555	13,369,710	12,294,842	3
AMORTIZATION	162,675	198,983	301,222	531,333	511,771	4
TAXES OTHER THAN INCOME TAXES	52,953,862	58,562,250	60,046,612	63,004,767	61,640,516	5
INCOME TAXES	1,615,015	8,566,128	7,705,511-	27,740,459	4,037,755-	6
PROVISION FOR DEFERRED INCOME TAXES	6,564,228	3,344,163	19,321,378	13,223,065-	10,424,432	7
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	868,320-	469,102-	1,083,769-	1,234,663-	1,040,737-	8
MISC. ADJUSTMENTS OF INCOME TAXES	-	-	-	-	209,085-	9
GAINS FROM DISPOSITION OF UTILITY PLT	-	-	-	-	-	10
LOSSES FROM DISPOSITION OF UTILITY PLT	-	-	-	-	-	11
TOTAL OPERATING EXPENSES	595,333,910	749,259,384	831,694,547	904,239,904	936,092,195	12
NET OPERATING REVENUES	39,247,090	43,577,744	41,831,562	42,991,979	37,767,998	13
INC. - LEASED PLT. & OTHER OPER. INC	-	-	-	-	-	14
GAS OPERATING INCOME	39,247,090	43,577,744	41,831,562	42,991,979	37,767,998	15
OTHER UTILITY OPERATING INCOME	-	-	-	-	-	16
TOTAL UTILITY OPERATING INCOME	39,247,090	43,577,744	41,831,562	42,991,979	37,767,998	17
OTHER INCOME						
MERCH., JOBBING AND CONTRACT WORK	80,662-	82,102-	26,126-	52,001-	32,565-	18
INCOME FROM NONUTILITY OPERATIONS	-	-	-	-	-	19
NONOPERATING RENTAL INCOME	-	2,978	9,220	6,000	6,256	20
EQUITY IN EARNINGS OF SUBSIDIARY CO'S	-	-	-	-	-	21
INTEREST AND DIVIDEND INCOME	501,821	1,127,490	362,238	2,609,312	1,924,406	22
ALLOWANCE FOR CONSTRUCTION FUNDS	570,183	494,164	567,621	395,702	490,693	23
MISCELLANEOUS NONOPERATING INCOME	10	-	-	-	902,891	24
GAIN ON DISPOSITION OF PROPERTY	14,871	13,184	-	15,719	14,990	25
TOTAL OTHER INCOME	1,006,223	1,555,714	912,953	2,974,732	3,306,671	26
TOTAL INCOME	40,253,313	45,133,458	42,744,515	45,966,711	41,074,669	27
INCOME DEDUCTIONS						
TAXES OTHER THAN INC. TAXES-NONOPERATING	20,462	27,453	28,760	99,822	44,558	28
INCOME TAXES-NONOPERATING	914,666-	460,489-	792,185-	323,068	522,342	29
LOSS ON DISPOSITION OF PROPERTY	79,302	124,683	-	5,258	8,287	30
MISCELLANEOUS AMORTIZATION	-	-	-	-	-	31
MISCELLANEOUS INCOME DEDUCTIONS	1,296,635	1,296,448	988,497	399,386	281,580	32
TOTAL INCOME DEDUCTIONS	481,733	988,095	225,072	827,534	856,767	33
INCOME BEFORE INTEREST CHARGES	39,771,580	44,145,363	42,519,443	45,139,177	40,217,902	34
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	-	-	-	-	-	35
AMORT. OF DEBT DISCOUNT + EXPENSE	107,806	26,952	-	-	-	36
AMORT. OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	37
INTEREST ON DEBT TO ASSOCIATED COMPANIES	23,509,130	20,298,476	18,356,228	16,663,071	17,793,987	38
OTHER INTEREST EXPENSE	1,259,949	1,637,246	3,491,891	3,952,259	3,038,019	39
TOTAL INTEREST CHARGES	24,876,885	21,962,674	21,848,119	20,615,330	20,832,006	40
INCOME BEFORE EXTRAORDINARY ITEMS	14,894,695	22,182,689	20,671,324	24,523,847	19,385,896	41
EXTRAORDINARY ITEMS - NET	-	-	-	-	-	42
NET INCOME	$ 14,894,695	$ 22,182,689	$ 20,671,324	$ 24,523,847	$ 19,385,896	43
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 121,609,341	$ 117,891,651	$ 113,607,327	$ 101,846,980	$ 92,751,085	44
BALANCE TRANSFERRED FROM INCOME	14,894,695	22,182,689	20,671,324	24,523,847	19,385,896	45
APPROPRIATIONS	-	-	-	-	-	46
DIVIDENDS DECLARED-PREFERRED STOCK	-	-	-	-	-	47
-COMMON STOCK	21,192,000	18,465,000	16,387,000	12,763,500	10,290,000	48
ADJUSTMENTS	-	-	-	-	-	49
BALANCE END OF YEAR	115,312,036	121,609,340	117,891,651	113,607,327	101,846,981	50
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	51
UNDISTRIBUTED SUBSIDIARY EARNINGS	-	-	-	-	-	52
TOTAL END OF YEAR	$ 115,312,036	$ 121,609,340	$ 117,891,651	$ 113,607,327	$ 101,846,981	53
SELECTED INCOME ACCOUNT RELATIONSHIPS						
GAS OPERATING REVENUES						
% OF TOTAL OPERATING REVENUES	100.0	100.0	100.0	100.0	100.0	54
NET INCOME-PERCENT OF OPERATING REVENUES	2.3	2.7	2.3	2.5	1.9	55
PRETAX COVERAGE OF INTEREST CHARGES	1.9	2.5	2.4	2.8	2.2	56
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	142.2	83.2	79.2	52.0	53.0	57
RETURN ON COMMON EQUITY	8.1	12.1	11.5	14.3	12.0	58

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NATIONAL FUEL GAS DISTRIBUTION CORPORATION
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	REVENUES					
1	RESIDENTIAL	$ 415,044,754	$ 507,339,363	$ 524,894,973	$ 565,633,329	$ 551,658,658
2	COMMERCIAL AND INDUSTRIAL	205,801,396	273,358,346	338,723,913	371,777,899	415,144,000
3	OTHER SALES TO PUBLIC AUTHORITIES	-	-	-	-	-
4	INTERDEPARTMENTAL	-	-	-	-	-
5	TOTAL REVENUES - ULTIMATE CONSUMERS	620,846,150	780,697,709	863,618,886	937,411,228	966,802,658
6	RESALE	-	-	-	54,833	-
7	TOTAL REVENUES FROM SALES OF GAS	620,846,150	780,697,709	863,618,886	937,466,061	966,802,658
8	OTHER GAS OPERATING REVENUES	13,734,850	12,139,419	9,907,223	9,765,822	7,057,535
9	TOTAL GAS OPERATING REVENUES	$ 634,581,000	$ 792,837,128	$ 873,526,109	$ 947,231,883	$ 973,860,193
	GAS SALES (MCF)					
10	RESIDENTIAL	81,488,411	85,867,573	83,210,656	88,628,403	82,591,818
11	COMMERCIAL AND INDUSTRIAL	49,782,519	53,932,350	62,190,538	67,372,860	70,252,821
12	OTHER SALES TO PUBLIC AUTHORITIES	-	-	-	-	-
13	INTERDEPARTMENTAL	-	-	-	-	-
14	TOTAL SALES TO ULTIMATE CONSUMERS	131,270,930	139,799,923	145,401,194	156,001,263	152,844,639
15	RESALE	-	-	-	-	1,419
16	TOTAL GAS SALES	131,270,930	139,799,923	145,401,194	156,001,263	152,846,058
	CUSTOMERS - AVERAGE PER MONTH					
17	RESIDENTIAL	649,809	651,218	648,840	646,304	641,739
18	COMMERCIAL AND INDUSTRIAL	42,656	41,906	41,106	40,388	39,899
19	OTHER SALES TO PUBLIC AUTHORITIES	-	-	-	-	-
20	INTERDEPARTMENTAL	-	-	-	-	-
21	TOTAL ULTIMATE CONSUMERS	692,465	693,124	689,946	686,692	681,638
22	RESALE	-	-	-	-	1
23	TOTAL CUSTOMERS	692,465	693,124	689,946	686,692	681,639
	GAS OPERATING REVENUE RELATIONSHIPS					
	RESIDENTIAL SALES					
24	AVERAGE ANNUAL BILL PER CUSTOMER	$ 638.72	$ 779.06	$ 808.97	$ 875.18	$ 859.63
25	AVERAGE MCF CONSUMPTION PER CUSTOMER	125	132	128	137	129
26	AVERAGE REVENUE PER MCF SOLD	$ 5.09	$ 5.91	$ 6.31	$ 6.38	$ 6.68
	COMMERCIAL AND INDUSTRIAL SALES					
27	AVERAGE ANNUAL BILL PER CUSTOMER	$ 4,824.68	$ 6,523.13	$ 8,240.25	$ 9,205.16	$ 10,404.87
28	AVERAGE MCF CONSUMPTION PER CUSTOMER	1,167	1,287	1,513	1,668	1,761
29	AVERAGE REVENUE PER MCF SOLD	$ 4.13	$ 5.07	$ 5.45	$ 5.52	$ 5.91
	GAS OPERATION AND MAINTENANCE EXPENSES					
	PRODUCTION EXPENSES					
	MANUFACTURED GAS					
30	STEAM	-	-	-	-	-
31	MANUFACTURED GAS	-	-	-	-	-
	NATURAL GAS					
32	PRODUCTION AND GATHERING	351,660	417,635	714,111	663,530	402,660
33	EXPLORATION AND DEVELOPMENT					
	OTHER GAS SUPPLY EXPENSES					
34	PURCHASED GAS	387,954,098	540,895,006	627,619,050	693,918,008	742,165,657
35	OTHER	736,097	840,629	521,262	381,760	461,952
36	TOTAL PRODUCTION EXPENSE	389,041,855	542,153,270	628,854,423	694,963,298	743,030,269
	NATURAL GAS STORAGE EXPENSES					
37	UNDERGROUND STORAGE EXPENSES	-	-	-	-	-
38	OTHER STORAGE EXPENSES	-	-	-	-	-
39	TOTAL NATURAL GAS STORAGE EXPENSE	-	-	-	-	-
40	TRANSMISSION EXPENSES	920,007	672,933	782,926	758,318	683,772
41	DISTRIBUTION EXPENSES	47,798,294	45,311,854	43,581,497	43,045,915	39,764,169
42	CUSTOMER ACCOUNTS EXPENSES	33,882,719	34,500,878	32,577,347	30,925,525	33,455,619
43	SALES EXPENSES	6,776,537	6,488,081	6,027,184	5,452,613	3,691,636
44	ADMINISTRATIVE AND GENERAL EXPENSES	39,697,067	34,226,212	34,411,682	38,905,692	35,882,747
45	TOTAL O & M EXPENSES	$ 518,116,479	$ 663,353,228	$ 746,235,059	$ 814,051,361	$ 856,508,212

NATIONAL FUEL GAS DISTRIBUTION CORPORATION
DISTRIBUTION OF GAS REVENUES
YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
REVENUES	$ 634,581,000	$ 792,837,128	$ 873,526,109	$ 947,231,883	$ 973,860,193	1
SALES (MCF)	131,270,930	139,799,923	145,401,194	156,001,263	152,846,058	2
			DOLLAR AMOUNTS			
PURCHASED GAS & OTHER SUPPLY EXPENSE	$ 388,690,195	$ 541,735,635	$ 628,140,312	$ 694,299,768	$ 742,627,609	3
WAGES AND BENEFITS	80,053,591	70,842,514	74,522,595	79,441,563	73,554,703	4
OTHER OPERATION AND MAINTENANCE EXPENSES	49,372,693	50,775,079	43,572,152	40,310,030	40,325,900	5
DEPR. AND AMORT. EXPENSES	16,952,646	15,902,717	14,880,777	13,901,043	12,806,613	6
INCOME TAXES - OPERATING	7,310,923	11,441,189	10,532,099	13,282,732	5,136,854	7
OTHER TAXES - OPERATING	52,953,862	58,562,250	60,046,612	63,004,767	61,640,516	8
*INTEREST CHARGES **	24,623,290	21,752,649	21,567,330	20,397,881	20,615,993	9
*PREFERRED DIVIDENDS **	-	-	-	-	-	10
EARNINGS AVAILABLE FOR COMMON EQUITY	14,623,800	21,825,095	20,264,232	22,594,098	17,152,005	11
TOTAL	$ 634,581,000	$ 792,837,128	$ 873,526,109	$ 947,231,883	$ 973,860,193	12
			PERCENT OF REVENUES			
PURCHASED GAS & OTHER SUPPLY EXPENSE	61.3	68.3	71.9	73.3	76.3	13
WAGES AND BENEFITS	12.6	8.9	8.5	8.4	7.6	14
OTHER OPERATION AND MAINTENANCE EXPENSES	7.8	6.4	5.0	4.3	4.1	15
DEPRECIATION AND AMORTIZATION EXPENSES	2.7	2.0	1.7	1.5	1.3	16
INCOME TAXES - OPERATING	1.2	1.4	1.2	1.4	0.5	17
OTHER TAXES - OPERATING	8.3	7.4	6.9	6.7	6.3	18
*INTEREST CHARGES **	3.9	2.7	2.5	2.2	2.1	19
*PREFERRED DIVIDENDS**	-	-	-	-	-	20
EARNINGS AVAILABLE FOR COMMON EQUITY	2.3	2.8	2.3	2.4	1.8	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
			DOLLARS PER MCF			
PURCHASED GAS & OTHER SUPPLY EXPENSE	$ 2.96	$ 3.88	$ 4.32	$ 4.45	$ 4.86	23
WAGES AND BENEFITS	0.61	0.51	0.51	0.51	0.48	24
OTHER OPERATION AND MAINTENANCE EXPENSES	0.38	0.36	0.30	0.26	0.26	25
DEPRECIATION AND AMORTIZATION EXPENSES	0.13	0.11	0.10	0.09	0.08	26
INCOME TAXES - OPERATING	0.06	0.08	0.07	0.09	0.03	27
OTHER TAXES - OPERATING	0.40	0.42	0.41	0.40	0.40	28
*INTEREST CHARGES **	0.19	0.16	0.15	0.13	0.13	29
*PREFERRED DIVIDENDS **	-	-	-	-	-	30
EARNINGS AVAILABLE FOR COMMON EQUITY	0.11	0.16	0.14	0.14	0.11	31
TOTAL	$ 4.83	$ 5.67	$ 6.01	$ 6.07	$ 6.37	32

*THIS IS A STRAIGHT GAS COMPANY, THEREFORE, NO ALLOCATION OF STARRED ITEMS IS NECESSARY

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NEW YORK STATE ELECTRIC & GAS CORPORATION
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF GAS PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	GAS UTILITY PLANT	$ 176,018,609	$ 164,426,275	$ 154,674,906	$ 147,119,521	$ 142,072,202
2	ACCUM. PROV. FOR DEPR. AND AMORT.	57,228,398	54,340,141	51,157,411	48,081,728	44,772,775
3	NET GAS UTILITY PLANT	118,790,211	110,086,134	103,517,495	99,037,793	97,299,427
4	OTHER UTILITY PLANT	4,004,010,150	4,305,958,095	3,997,970,855	3,723,689,560	3,299,514,887
5	ACCUM. PROV. FOR DEPR. AND AMORT.	799,968,081	716,401,559	637,128,236	569,826,542	518,345,283
6	NET OTHER UTILITY PLANT	3,204,042,069	3,589,556,536	3,360,842,619	3,153,863,018	2,781,169,604
7	TOTAL UTILITY PLANT	4,180,028,759	4,470,384,370	4,152,645,781	3,870,809,081	3,441,587,089
8	ACCUM. PROV. FOR DEPR. AND AMORT.	857,196,479	770,741,700	688,285,647	617,908,270	563,118,058
9	NET TOTAL UTILITY PLANT	3,322,832,280	3,699,642,670	3,464,360,114	3,252,900,811	2,878,469,031
10	NONUTILITY PROPERTY LESS ACCUM. PROV. FOR DEPR. AND AMORT.	2,984,506	3,158,853	3,111,851	3,122,221	3,531,070
11	INVESTMENT IN ASSOCIATED COMPANIES	-	-	-	-	-
12	INVESTMENT IN SUBSIDIARY COMPANIES	5,301,846	212,000	212,000	212,000	212,000
13	OTHER INVESTMENTS	6,740,000	7,790,000	7,790,000	13,890,000	14,140,000
14	SPECIAL FUNDS	272,234	283,818	264,502	272,814	-
15	TOTAL OTHER PROPERTY AND INVESTMENTS	15,298,586	11,444,671	11,378,353	17,497,035	17,883,070
16	CASH	7,099,919-	5,997,464-	5,999,167-	6,892,778-	4,185,394
17	SPECIAL DEPOSITS	3,900,786	4,822,817	13,598,507	70,192,118	10,245,654
18	WORKING FUNDS	1,300,998	1,556,894	5,020,153	809,342	1,841,077
19	TEMPORARY CASH INVESTMENTS	10,600,000	14,600,000	8,500,000	10,300,000	-
20	NOTES & ACCTS. RECEIVABLE LESS ACCUM. PROV. FOR UNCOLLECTIBLE ACCOUNTS	186,183,520	125,461,521	116,240,072	114,588,322	93,697,392
21	RECEIVABLES - ASSOCIATED COMPANIES	300,929	-	110,786	71,872	63,817
22	MATERIALS AND SUPPLIES	106,736,219	64,845	95,768,725	98,758,149	66,904,705
23	GAS STORED UNDERGROUND - CURRENT	589,773	92,607,357	826,125	899,970	609,106
24	LIQUEFIED NATURAL GAS IN STORAGE	-	751,535	-	-	-
25	PREPAYMENTS	22,537,667	27,329,912	20,189,966	20,033,847	17,060,955
26	OTHER CURRENT AND ACCRUED ASSETS	365,592	608,939	293,126	2,034,545	234,915
27	TOTAL CURRENT AND ACCRUED ASSETS	325,415,565	261,806,356	254,548,294	310,795,387	194,843,015
28	UNAMORTIZED DEBT EXPENSE	63,700,414	64,762,184	60,525,650	26,012,922	22,748,892
29	EXTRAORDINARY PROPERTY LOSSES	53,646,350	-	-	-	-
30	PREL. SURVEY & INVESTIGATION CHARGES	4,808,389	3,127,972	1,324,486	2,267,221	2,970,726
31	CLEARING ACCOUNTS	532,869-	127,331-	38,245-	505,507-	799,609
32	DEFERRED LOSSES - DISP. OF UTILITY PLANT	-	-	-	-	-
33	RESEARCH AND DEVELOPEMENT	1,112,819-	431,679	183,890-	27,393	383,833-
34	ACCUM. DEFERRED INCOME TAXES	99,088,425	19,010,984	15,200,967	22,066,677	10,082,060
35	OTHER DEFERRED DEBITS	632,004,086	106,866,434	109,255,294	40,886,294	15,302,676
36	TOTAL DEFERRED DEBITS	851,601,976	194,071,922	186,084,262	90,755,000	51,520,130
37	TOTAL ASSETS AND OTHER DEBITS	$ 4,515,148,408	$ 4,166,965,619	$ 3,916,371,023	$ 3,671,948,233	$ 3,142,715,246
	GAS UTILITY PLANT*					
38	INTANGIBLE PLANT	$ 50,478	$ 37,908	$ 37,908	$ 37,908	$ 37,908
	PRODUCTION PLANT					
39	MANUFACTURED GAS PLANT	3,069,589	3,072,329	3,065,968	3,053,710	3,045,323
40	NATURAL GAS PLANT	1,435,995	1,435,995	1,435,995	1,435,995	1,435,995
41	NATURAL GAS STORAGE PLANT					
42	UNDERGROUND STORAGE PLANT	-	-	-	-	-
43	OTHER STORAGE PLANT	-	-	-	-	-
44	TRANSMISSION PLANT	5,989,133	5,870,636	5,503,157	5,318,812	5,153,554
45	DISTRIBUTION PLANT	157,863,345	148,569,173	141,476,234	134,223,192	129,782,228
46	GENERAL PLANT	1,560,606	1,752,024	1,720,059	1,691,342	1,717,778
47	GAS PLANT PURCHASED OR SOLD	-	-	-	-	-
48	EXPERIMENTAL GAS PLANT UNCLASSIFIED	-	-	-	-	-
49	GAS STORED UNDERGROUND NON-CURRENT	-	-	-	-	-
50	TOTAL GAS PLANT IN SERVICE	169,969,146	160,738,065	153,239,321	145,760,959	141,172,786
51	PLANT LEASED TO OTHERS	-	-	-	-	-
52	PLANT HELD FOR FUTURE USE	23,620	23,619	23,619	20,284	20,284
53	CONSTRUCTION WORK IN PROGRESS	6,025,843	3,664,591	1,411,966	1,338,278	879,132
54	PLANT ACQUISITION ADJUSTMENTS		-	-	-	-
55	TOTAL GAS UTILITY PLANT	176,018,609	164,426,275	154,674,906	147,119,521	142,072,202
56	ACCUM. PROV. FOR DEPR. AND AMORT.	57,228,398	54,340,141	51,157,411	48,081,728	44,772,775
57	NET GAS UTILITY PLANT	118,790,211	110,086,134	103,517,495	99,037,793	97,299,427
	PLANT IN SERVICE:					
58	BEGINNING OF YEAR	160,738,065	153,239,321	145,760,959	141,172,786	135,961,895
59	ADDITIONS	10,360,514	7,944,535	7,955,806	5,153,983	6,030,823
60	RETIREMENTS	1,126,838	450,825	478,943	573,695	808,037
61	TRANSFERS AND ADJUSTMENTS	2,595-	5,034	1,499	7,885	11,895-
62	END OF YEAR	$ 169,969,146	$ 160,738,065	$ 153,239,321	$ 145,760,959	$ 141,172,786

*EXCLUDES ALLOCATION OF COMMON PLANT

NEW YORK STATE ELECTRIC & GAS CORPORATION
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

LIABILITIES AND OTHER CREDITS

ITEM	1987	1986	1985	1984	1983	LINE NO
COMMON STOCK ISSUED	$ 371,556,668	$ 360,408,069	$ 360,046,582	$ 347,182,736	$ 323,344,778	1
PREFERRED STOCK ISSUED	183,320,000	217,970,000	252,620,000	277,300,000	278,950,000	2
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	3
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	4
PREMIUM ON CAPITAL STOCK	519,217,353	481,803,192	480,349,216	447,719,373	406,471,565	5
OTHER PAID-IN CAPITAL	29,442,626	29,317,079	29,346,985	29,469,981	29,480,279	6
INSTALLMENTS REC'D ON CAPITAL STOCK	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	6,596,717-	7,756,111-	8,173,925-	8,283,296-	8,165,963-	8
RETAINED EARNINGS	192,898,015	534,190,118	469,661,779	418,472,383	352,524,176	9
UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS	-	-	-	-	-	10
REACQUIRED CAPITAL STOCK	-	-	-	-	-	11
TOTAL PROPRIETARY CAPITAL	1,289,837,945	1,615,932,347	1,583,850,637	1,511,861,177	1,382,604,835	12
BONDS (LESS BONDS REACQUIRED)	1,499,509,000	1,434,912,000	1,274,480,000	1,236,134,000	1,060,940,000	13
ADVANCES FROM ASSOCIATED COMPANIES	-	-	-	-	-	14
OTHER LONG-TERM DEBT	552,035,165	483,194,722	481,741,631	404,902,154	222,125,000	15
NET UNAMORTIZED PREMIUM + DISCOUNT	3,619,874-	2,499,583-	1,615,196-	1,952,077-	983,744-	16
TOTAL LONG TERM DEBT	2,047,924,291	1,915,607,139	1,754,606,435	1,639,084,077	1,282,081,256	17
NOTES PAYABLE	16,000,000	110,600,000	118,300,000	60,100,000	97,750,000	18
ACCOUNTS PAYABLE	60,352,092	61,422,103	75,651,462	104,286,625	131,925,074	19
PAYABLES TO ASSOCIATED COMPANIES	-	-	-	-	-	20
CUSTOMER DEPOSITS	3,812,009	3,534,337	3,339,953	2,845,878	2,488,420	21
TAXES ACCRUED	3,232,516	14,619,413	5,045,133	9,655,766	6,051,953	22
INTEREST ACCRUED	59,403,765	54,878,027	51,949,517	53,418,781	34,989,042	23
DIVIDENDS DECLARED	3,477,228	4,516,359	6,090,191	6,816,190	6,752,066	24
TAX COLLECTIONS PAYABLE	2,655,364	3,955,316	1,909,114	2,669,602	2,200,247	25
OTHER CURRENT AND ACCRUED LIABILITIES	46,221,735	42,646,225	43,357,953	40,811,318	35,126,449	26
TOTAL CURRENT AND ACCRUED LIABILITIES	195,154,709	296,171,780	305,643,323	280,605,160	317,283,251	27
CUSTOMER ADVANCES FOR CONSTRUCTION	5,778,838	5,272,100	5,169,600	4,444,024	1,097,231	28
DEFERRED GAINS FROM DISPOSITION OF UTILITY PLANT	-	-	-	-	-	29
ACCUM. DEFERRED INVESTMENT TAX CREDITS	128,091,401	106,435,942	75,438,060	73,711,247	51,023,498	30
OTHER DEFERRED CREDITS	172,549,535	13,834,649	16,250,546	34,931,067	12,698,774	31
ACCUMULATED DEFERRED INCOME TAXES						
ACCELERATED AMORTIZATION	997,869	1,654,454	2,129,858	2,662,417	3,264,821	32
LIBERALIZED DEPRECIATION	152,355,761	151,755,947	112,908,540	71,494,811	43,527,821	33
OTHER	522,258,059	60,101,261	60,174,024	52,954,253	48,933,759	34
TOTAL DEFERRED CREDITS	982,031,463	339,054,353	272,070,628	240,197,819	160,545,904	35
PROPERTY INSURANCE RESERVE	-	-	-	-	-	36
INJURIES AND DAMAGE RESERVES	200,000	200,000	200,000	200,000	200,000	37
PENSION AND BENEFITS RESERVE	-	-	-	-	-	38
MISCELLANEOUS OPERATING RESERVES	-	-	-	-	-	39
TOTAL OPERATING RESERVES	200,000	200,000	200,000	200,000	200,000	40
TOTAL LIABILITIES AND OTHER CREDITS	$ 4,515,148,408	$ 4,166,965,619	$ 3,916,371,023	$ 3,671,948,233	$ 3,142,715,246	41

SELECTED BALANCE SHEET RELATIONSHIPS

ITEM	1987	1986	1985	1984	1983	LINE NO
CURRENT ASSETS / BY CURRENT LIABILITIES	1.67	0.88	0.83	1.11	0.61	42
PERCENT OF CAPITALIZATION:						
LONG-TERM DEBT	61.3	54.2	52.5	52.0	48.1	43
PREFERRED STOCK	5.4	6.1	7.5	8.8	10.4	44
COMMON STOCK AND OTHER PAID-IN CAPITAL	27.3	24.4	25.8	25.8	28.1	45
RETAINED EARNINGS	5.7	15.1	14.0	13.2	13.2	46
LONG-TERM DEBT % OF GROSS UTILITY PLANT	48.9	42.8	42.2	42.3	37.2	47
ACCUM. PROV. FOR DEPR. % OF UTILITY PLT	20.5	17.2	16.5	15.9	16.3	48

NEW YORK STATE ELECTRIC & GAS CORPORATION
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO.		1987	1986	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL					
1	NET INCOME	$ 152,284,756	$ 228,493,677	$ 208,433,165	$ 211,376,094	$ 156,680,060
2	DEPRECIATION AND AMORTIZATION	122,178,476	123,719,744	119,430,354	76,856,339	70,133,001
3	DEFERRED INCOME TAXES - NET	78,970,194	98,609,243	93,070,230	75,762,859	34,525,323
4	INTEREST CAPITALIZED	85,128,710-	102,003,462-	82,534,289-	104,263,980-	91,641,259-
5	OTHER (NET)	457,996,582	-	-	-	-
6	SUBTOTAL	726,301,298	348,819,202	338,399,460	259,731,312	169,697,125
7	EXTRAORDINARY ITEMS	330,022,139-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	396,279,159	348,819,202	338,399,460	259,731,312	169,697,125
9	LESS DIVIDENDS PREFERRED	13,661,783	20,103,911	25,225,720	27,370,512	23,466,059
10	COMMON	145,794,183	140,432,734	132,018,049	118,057,375	98,154,667
11	NET FUNDS - INTERNAL SOURCES	236,823,193	188,282,557	181,155,691	114,303,425	48,076,399
	EXTERNAL					
12	LONG TERM DEBT	165,000,000	275,000,000	408,000,000	374,000,000	164,350,000
13	PREFERRED STOCK	-	-	-	-	45,000,000
14	COMMON STOCK	48,562,760	1,815,461	45,493,854	65,085,766	181,375,755
15	NET INCREASE IN SHORT TERM DEBT	-	-	58,200,000	-	33,750,000
16	OTHER (NET)	-	-	-	-	-
17	TOTAL FUNDS - EXTERNAL SOURCES	213,562,760	276,815,461	511,693,854	439,085,766	424,475,755
	OTHER SOURCES					
18	NET DECREASE IN WORKING CAPITAL	-	-	23,085,256	-	-
19	OTHER	-	-	-	-	4,048,390
20	TOTAL FUNDS PROVIDED	$ 450,385,953	$ 465,098,018	$ 715,934,801	$ 553,389,191	$ 476,600,544
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
21	GAS PLANT	$ 13,924,190	$ 10,689,163	$ 8,453,214	$ 5,937,222	$ 5,269,574
22	LIQUEFIED NATURAL GAS PLANT	-	-	-	-	-
23	NON-UTILITY	-	-	-	-	-
24	OTHER	256,121,058	327,823,149	329,281,842	440,549,540	523,104,705
25	TOTAL CONSTRUCTION	270,045,248	338,512,312	337,735,056	446,486,762	528,374,279
26	LESS INTEREST CAPITALIZED	85,128,710	102,003,462	82,534,289	104,263,980	91,641,259
27	TOTAL EXCLUDING INTEREST CAPITALIZED	184,916,538	236,508,850	255,200,767	342,222,782	436,733,020
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	36,453,000	114,568,000	300,754,000	25,056,000	5,571,000
29	PREFERRED STOCK	34,650,000	34,650,000	24,680,000	1,650,000	2,125,000
30	REDEMPTION OF CAPITAL STOCK	4,098,754	3,428,693	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	94,600,000	7,700,000	-	37,650,000	-
32	OTHER (NET)	-	-	-	-	-
34	TOTAL RETIREMENT OF SECURITIES	169,801,754	160,346,693	325,434,000	64,356,000	7,696,000
	OTHER USES					
35	NET INCREASE IN WORKING CAPITAL	70,026,280	9,029,605	-	114,980,461	15,762,467
36	OTHER (NET)	25,641,381	59,212,870	135,300,034	31,829,948	16,409,057
37	TOTAL FUNDS APPLIED	$ 450,385,953	$ 465,098,018	$ 715,934,801	$ 553,389,191	$ 476,600,544

NEW YORK STATE ELECTRIC & GAS CORPORATION
COMPARATIVE STATEMENTS OF INCOME AND RETAINED EARNINGS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
GAS OPERATING INCOME:						
OPERATING REVENUES	$ 152,838,795	$ 179,194,452	$ 190,201,164	$ 207,817,466	$ 207,865,521	1
OPERATION AND MAINTENANCE EXPENSE	121,869,909	138,452,201	155,757,588	171,057,786	183,649,621	2
DEPRECIATION EXPENSE	4,165,711	3,874,568	3,815,593	4,114,668	3,943,557	3
AMORTIZATION	111,764	117,747	106,564	159,719	179,462	4
TAXES OTHER THAN INCOME TAXES	15,929,675	15,947,641	15,606,273	16,296,353	15,483,526	5
INCOME TAXES	1,359,628	547,779	66,918	311,932-	842,109	6
PROVISION FOR DEFERRED INCOME TAXES	29,209-	1,820,472	1,739,634	239,236-	1,445,938-	7
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	3,893,019-	1,032,600-	1,215,437	1,060,959-	614,843-	8
MISC. ADJUSTMENTS OF INCOME TAXES	-	-	-	-	-	9
GAINS FROM DISPOSITION OF UTILITY PLT	-	-	-	-	-	10
LOSSES FROM DISPOSITION OF UTILITY PLT	-	-	-	-	-	11
TOTAL OPERATING EXPENSES	139,514,459	159,727,808	178,308,008	190,016,399	202,037,494	12
NET OPERATING REVENUES	13,324,336	19,466,644	11,893,156	17,801,067	5,828,027	13
INC. - LEASED PLT. & OTHER OPER. INC.	-	-	-	-	-	14
GAS OPERATING INCOME	13,324,336	19,466,644	11,893,156	17,801,067	5,828,027	15
OTHER UTILITY OPERATING INCOME	266,852,439	264,021,394	235,107,103	212,856,468	168,117,786	16
TOTAL UTILITY OPERATING INCOME	280,176,775	283,488,038	247,000,259	230,657,535	173,945,813	17
OTHER INCOME:						
MERCH., JOBBING AND CONTRACT WORK	-	-	-	-	-	18
INCOME FROM NONUTILITY OPERATIONS	-	-	-	-	-	19
NONOPERATING RENTAL INCOME	4,851-	12,724-	20,351-	35,980-	20,040-	20
EQUITY IN EARNINGS OF SUBSIDIARY CO'S	-	-	-	-	-	21
INTEREST AND DIVIDEND INCOME	1,726,584	386,567	652,603	2,827,000	2,097,082	22
ALLOWANCE FOR CONSTRUCTION FUNDS	89,244,506	111,871,903	122,719,138	104,263,980	91,641,259	23
MISCELLANEOUS NONOPERATING INCOME	2,001,920-	2,392,258-	731,889-	22,408,631	426,638-	24
GAIN ON DISPOSITION OF PROPERTY	207,932	502,710	105,201	19,509	17,168	25
TOTAL OTHER INCOME	89,172,251	110,356,198	122,724,702	129,483,140	93,308,831	26
TOTAL INCOME	369,349,026	393,844,236	369,724,961	360,140,675	267,254,644	27
INCOME DEDUCTIONS:						
TAXES OTHER THAN INC. TAXES-NONOPERATING	134,534	128,978	130,728	132,812	130,391	28
INCOME TAXES-NONOPERATING	14,822,178-	32,361,687-	25,596,203-	33,249,000-	26,866,000-	29
LOSS ON DISPOSITION OF PROPERTY	853	19,793	73,717	15,509	25,131	30
MISCELLANEOUS AMORTIZATION	111,714	5,838	1,541	-	-	31
MISCELLANEOUS INCOME DEDUCTIONS	32,284,098	1,695,584	165,762-	11,494,586	749,039	32
TOTAL INCOME DEDUCTIONS	17,709,021	30,511,494-	25,555,979-	21,606,093-	25,961,439-	33
INCOME BEFORE INTEREST CHARGES	351,640,005	424,355,730	395,280,940	381,746,768	293,216,083	34
INTEREST CHARGES:						
INTEREST ON LONG-TERM DEBT	192,297,960	183,841,960	174,584,406	158,720,760	129,651,585	35
AMORT. OF DEBT DISCOUNT + EXPENSE	4,233,677	4,044,126	2,811,458	2,816,707	1,983,164	36
AMORT. OF PREMIUM ON DEBT-CREDIT	51,497-	55,998-	61,598-	68,375-	76,331-	37
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	38
OTHER INTEREST EXPENSE	2,875,109	8,031,965	9,513,509	8,901,582	4,977,605	39
TOTAL INTEREST CHARGES	199,355,249	195,862,053	186,847,775	170,370,674	136,536,023	40
INCOME BEFORE EXTRAORDINARY ITEMS	152,284,756	228,493,677	208,433,165	211,376,094	156,680,060	41
EXTRAORDINARY ITEMS - NET	330,022,139-	-	-	-	-	42
NET INCOME	$ 177,737,383-	$ 228,493,677	$ 208,433,165	$ 211,376,094	$ 156,680,060	43
RETAINED EARNINGS:						
BEGINNING OF YEAR	$ 534,190,118	$ 469,661,779	$ 418,472,383	$ 352,524,176	$ 317,464,842	44
BALANCE TRANSFERRED FROM INCOME	177,737,383-	228,493,677	208,433,165	211,376,094	156,680,060	45
APPROPRIATIONS	-	-	-	-	-	46
DIVIDENDS DECLARED-PREFERRED STOCK	13,661,783	20,103,911	25,225,720	27,370,512	23,466,059	47
-COMMON STOCK	145,794,183	140,432,734	132,018,049	118,057,375	98,154,667	48
ADJUSTMENTS	4,098,754-	3,428,693-	-	-	-	49
BALANCE END OF YEAR	192,898,015	534,190,118	469,661,779	418,472,383	352,524,176	50
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	51
UNDISTRIBUTED SUBSIDIARY EARNINGS	-	-	-	-	-	52
TOTAL END OF YEAR	$ 192,898,015	$ 534,190,118	$ 469,661,779	$ 418,472,383	$ 352,524,176	53
SELECTED INCOME ACCOUNT RELATIONSHIPS						
GAS OPERATING REVENUES						
% OF TOTAL OPERATING REVENUES	11.8	14.0	15.3	18.4	20.9	54
NET INCOME-PERCENT OF OPERATING REVENUES	13.8*	17.8	16.7	18.7	15.7	55
PRETAX COVERAGE OF INTEREST CHARGES	2.2	2.6	2.4	2.5	2.4	56
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	88.6*	67.3	72.0	64.1	73.6	57
RETURN ON COMMON EQUITY	13.1*	15.2	14.2	15.7	13.3	58

*Ratios shown here are based on what the income would have been before the Nine-Mile 2 Plant write-off. See the Table "NINE-MILE 2 AND OTHER WRITE-OFFS" in the Electric Narrative Section for the impact on Net Income.

NEW YORK STATE ELECTRIC & GAS CORPORATION
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	REVENUES					
1	RESIDENTIAL	$ 85,242,298	$ 91,067,812	$ 88,676,514	$ 92,287,505	$ 92,973,496
2	COMMERCIAL AND INDUSTRIAL	[illegible]1,416,849	67,133,042	80,684,256	94,497,188	95,005,650
3	OTHER SALES TO PUBLIC AUTHORITIES	12,413,111	17,578,596	18,610,523	19,840,170	19,257,488
4	INTERDEPARTMENTAL	164,238	190,117	178,717	197,920	195,215
5	TOTAL REVENUES - ULTIMATE CONSUMERS	149,236,496	175,969,567	188,150,010	206,822,783	207,431,849
6	RESALE	41,969	14,076	19,822	19,495	14,662
7	TOTAL REVENUES FROM SALES OF GAS	149,278,465	175,983,643	188,169,832	206,842,278	207,446,511
8	OTHER GAS OPERATING REVENUES	3,560,330	3,210,809	2,031,332	975,188	419,010
9	TOTAL GAS OPERATING REVENUES	$ 152,838,795	$ 179,194,452	$ 190,201,164	$ 207,817,466	$ 207,865,521
	GAS SALES (MCF):					
10	RESIDENTIAL	13,536,963	13,777,646	13,310,660	13,766,377	13,508,029
11	COMMERCIAL AND INDUSTRIAL	9,583,146	12,162,989	14,803,937	17,146,104	16,637,999
12	OTHER SALES TO PUBLIC AUTHORITIES	2,396,350	3,248,897	3,418,478	3,558,956	3,342,923
13	INTERDEPARTMENTAL	29,457	33,165	31,224	33,693	32,587
14	TOTAL SALES TO ULTIMATE CONSUMERS	25,545,916	29,222,697	31,564,299	34,505,130	33,521,538
15	RESALE	7,596	2,478	3,506	3,418	2,547
16	TOTAL GAS SALES	25,553,512	29,225,175	31,567,805	34,508,548	33,524,085
	CUSTOMERS - AVERAGE PER MONTH					
17	RESIDENTIAL	115,449	113,394	112,262	111,761	111,558
18	COMMERCIAL AND INDUSTRIAL	17,990	17,932	17,760	17,602	17,110
19	OTHER SALES TO PUBLIC AUTHORITIES	1,184	1,172	1,159	1,136	1,136
20	INTERDEPARTMENTAL	1	-	-	-	-
21	TOTAL ULTIMATE CONSUMERS	134,624	132,498	131,181	130,499	129,804
22	RESALE	1	1	1	1	1
23	TOTAL CUSTOMERS	134,625	132,499	131,182	130,500	129,805

GAS OPERATING REVENUE RELATIONSHIPS

LINE NO	ITEM	1987	1986	1985	1984	1983
	RESIDENTIAL SALES:					
24	AVERAGE ANNUAL BILL PER CUSTOMER	$ 738.35	$ 803.11	$ 789.91	$ 825.76	$ 833.41
25	AVERAGE MCF CONSUMPTION PER CUSTOMER	117	122	119	123	121
26	AVERAGE REVENUE PER MCF SOLD	$ 6.30	$ 6.61	$ 6.66	$ 6.70	$ 6.88
	COMMERCIAL AND INDUSTRIAL SALES:					
27	AVERAGE ANNUAL BILL PER CUSTOMER	$ 2,858.08	$ 3,743.76	$ 4,543.03	$ 5,368.55	$ 5,552.64
28	AVERAGE MCF CONSUMPTION PER CUSTOMER	533	678	834	974	972
29	AVERAGE REVENUE PER MCF SOLD	$ 5.37	$ 5.52	$ 5.45	$ 5.51	$ 5.71

GAS OPERATION AND MAINTENANCE EXPENSES

LINE NO	ITEM	1987	1986	1985	1984	1983
	PRODUCTION EXPENSES:					
	MANUFACTURED GAS					
30	STEAM	-	-	-	-	-
31	MANUFACTURED GAS	94,480	97,705	148,268	74,145	81,816
	NATURAL GAS					
32	PRODUCTION AND GATHERING	10,709	13,204	13,359	37,765	22,155
33	EXPLORATION AND DEVELOPMENT					
	OTHER GAS SUPPLY EXPENSES					
34	PURCHASED GAS	90,811,912	111,071,994	129,730,874	146,337,136	159,977,411
35	OTHER	452,025	355,309	376,145	48,489-	846,452
36	TOTAL PRODUCTION EXPENSE	91,369,126	111,538,212	130,268,646	146,400,557	160,927,834
	NATURAL GAS STORAGE EXPENSES:					
37	UNDERGROUND STORAGE EXPENSES	-	-	-	-	-
38	OTHER STORAGE EXPENSES	-	-	-	-	-
39	TOTAL NATURAL GAS STORAGE EXPENSE	-	-	-	-	-
40	TRANSMISSION EXPENSES	514,030	504,904	389,282	496,603	370,820
41	DISTRIBUTION EXPENSES	11,055,870	10,507,779	9,835,610	9,154,520	8,537,440
42	CUSTOMER ACCOUNTS EXPENSES	4,664,020	4,094,247	3,983,007	4,055,991	3,791,976
43	SALES EXPENSES	2,376,333	2,230,065	1,781,534	1,581,998	1,330,367
44	ADMINISTRATIVE AND GENERAL EXPENSES	11,890,530	9,576,994	9,499,509	9,368,117	8,691,184
45	TOTAL O & M EXPENSES	$ 121,869,909	$ 138,452,201	$ 155,757,588	$ 171,057,785	$ 183,649,621

NEW YORK STATE ELECTRIC & GAS CORPORATION
DISTRIBUTION OF GAS REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
REVENUES	$ 152,838,795	$ 179,194,452	$ 190,201,164	$ 207,817,466	$ 207,865,521	1
SALES (MCF)	25,553,512	29,225,175	31,567,805	34,508,548	33,524,085	2
			DOLLAR AMOUNTS			
PURCHASED GAS & OTHER SUPPLY EXPENSE	$ 91,263,937	$ 111,427,303	$ 130,107,019	$ 146,288,647	$ 160,823,863	3
WAGES AND BENEFITS	18,774,333	3,704,288	16,139,681	15,928,514	14,940,257	4
OTHER OPERATION AND MAINTENANCE EXPENSES	11,831,639	23,320,610	9,510,888	8,840,625	7,885,501	5
DEPRECIATION AND AMORTIZATION EXPENSES	4,277,475	3,992,315	3,922,157	4,274,387	4,123,019	6
INCOME TAXES - OPERATING	2,562,600-	1,335,651	3,021,989	1,612,127-	1,218,672-	7
OTHER TAXES - OPERATING	15,929,675	15,947,641	15,606,273	16,296,353	15,483,526	8
*INTEREST CHARGES **	5,516,288	5,602,482	5,570,634	5,875,988	5,685,840	9
*PREFERRED DIVIDENDS **	494,647	749,303	763,244	843,978	802,227	10
EARNINGS AVAILABLE FOR COMMON EQUITY	7,313,401	13,114,859	5,559,278	11,081,101	660,040-	11
TOTAL	$ 152,838,795	$ 179,194,452	$ 190,201,164	$ 207,817,466	$ 207,865,521	12
			PERCENT OF REVENUES			
PURCHASED GAS & OTHER SUPPLY EXPENSE	59.7	62.2	68.4	70.4	77.4	13
WAGES AND BENEFITS	12.3	2.1	8.5	7.7	7.2	14
OTHER OPERATION AND MAINTENANCE EXPENSES	7.7	13.0	5.0	4.3	3.8	15
DEPRECIATION AND AMORTIZATION EXPENSES	2.8	2.2	2.1	2.1	2.0	16
INCOME TAXES - OPERATING	1.6-	0.7	1.6	0.7-	0.5-	17
OTHER TAXES - OPERATING	10.4	8.9	8.2	7.8	7.4	18
*INTEREST CHARGES **	3.6	3.1	2.9	2.8	2.7	19
*PREFERRED DIVIDENDS **	0.3	0.4	0.4	0.4	0.4	20
EARNINGS AVAILABLE FOR COMMON EQUITY	4.8	7.3	2.9	5.3	0.2-	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
			DOLLARS PER MCF			
PURCHASED GAS & OTHER SUPPLY EXPENSE	$ 3.57	$ 3.81	$ 4.12	$ 4.24	$ 4.80	23
WAGES AND BENEFITS	0.73	0.13	0.51	0.46	0.45	24
OTHER OPERATION AND MAINTENANCE EXPENSES	0.46	0.80	0.30	0.26	0.24	25
DEPRECIATION AND AMORTIZATION EXPENSES	0.17	0.14	0.12	0.12	0.12	26
INCOME TAXES - OPERATING	0.09-	0.05	0.10	0.04-	0.03-	27
OTHER TAXES - OPERATING	0.62	0.55	0.49	0.47	0.46	28
*INTEREST CHARGES **	0.22	0.19	0.18	0.17	0.17	29
*PREFERRED DIVIDENDS **	0.02	0.03	0.02	0.02	0.02	30
EARNINGS AVAILABLE FOR COMMON EQUITY	0.29	0.45	0.18	0.32	0.01-	31
TOTAL	$ 5.98	$ 6.13	$ 6.03	$ 6.02	$ 6.20	32
*STARRED ITEMS ARE ALLOCATED TO GAS OPERATIONS BASED ON THE RATIO OF NET GAS PLANT TO NET TOTAL PLANT LESS NET COMMON PLANT AT DECEMBER 31- STATED AS PERCENTS	3.66	3.02	3.04	3.09	3.42	33

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NIAGARA MOHAWK POWER CORPORATION
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF GAS PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO.	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	GAS UTILITY PLANT	$ 591,884,845	$ 558,531,495	$ 526,649,575	$ 503,464,401	$ 481,075,380
2	ACCUM. PROV. FOR DEPR. AND AMORT.	160,202,388	148,854,486	138,753,482	130,695,873	121,899,825
3	NET GAS UTILITY PLANT	431,682,457	409,677,009	387,896,093	372,768,528	359,175,555
4	OTHER UTILITY PLANT	7,026,005,591	7,850,880,682	7,079,682,911	6,368,099,175	5,634,584,256
5	ACCUM. PROV. FOR DEPR. AND AMORT.	1,740,695,059	1,601,907,129	1,478,894,419	1,358,830,831	1,395,887,569
6	NET OTHER UTILITY PLANT	5,285,310,532	6,248,973,553	5,600,788,492	5,009,268,344	4,238,696,687
7	TOTAL UTILITY PLANT	7,617,890,436	8,409,412,177	7,606,332,486	6,871,563,576	6,115,659,636
8	ACCUM. PROV. FOR DEPR. AND AMORT.	1,900,897,447	1,750,761,615	1,617,647,901	1,489,526,704	1,517,787,394
9	NET TOTAL UTILITY PLANT	5,716,992,989	6,658,650,562	5,988,684,585	5,382,036,872	4,597,872,242
10	NONUTILITY PROPERTY LESS ACCUM. PROV. FOR DEPR. AND AMORT.	18,686,674	17,730,161	18,643,249	18,347,886	18,719,395
11	INVESTMENT IN ASSOCIATED COMPANIES	-	-	-	330,904	413,763
12	INVESTMENT IN SUBSIDIARY COMPANIES	148,296,567	70,203,915	75,604,561	72,464,080	59,057,390
13	OTHER INVESTMENTS	4,029,602	3,989,400	232,262,189	128,532,635	32,345
14	SPECIAL FUNDS	-	2,238,336	79,916,312	50,402,625	29,769,088
15	TOTAL OTHER PROPERTY AND INVESTMENTS	171,012,843	94,161,812	406,426,311	270,078,130	107,991,981
16	CASH	14,017,958	88,708,497	16,702,160	21,879,023	21,949,845
17	SPECIAL DEPOSITS	364,828	485,682	151,619	150,843	89,148
18	WORKING FUNDS	227,369	3,158,510	23,686,821	1,736,980	6,971,099
19	TEMPORARY CASH INVESTMENTS	8,798,125	78,388,800	246,817	5,271,660	-
20	NOTES & ACCTS. RECEIVABLE LESS ACCUM. PROV. FOR UNCOLLECTIBLE ACCOUNTS	293,614,773	281,495,348	279,612,609	275,129,430	273,843,434
21	RECEIVABLES - ASSOCIATED COMPANIES	459,773	6,950,469	329,730	287,743	228,666
22	MATERIALS AND SUPPLIES	118,836,510	116,037,376	129,453,709	158,063,828	151,700,407
23	GAS STORED UNDERGROUND - CURRENT	-	-	-	-	-
24	LIQUEFIED NATURAL GAS IN STORAGE	-	-	-	-	-
25	PREPAYMENTS	47,597,597	17,174,875	16,958,242	10,702,056	12,994,119
26	OTHER CURRENT AND ACCRUED ASSETS	10,347,052	5,265,743	7,187,325	8,869,378	4,353,409
27	TOTAL CURRENT AND ACCRUED ASSETS	494,264,005	597,665,300	474,329,032	482,090,941	472,130,127
28	UNAMORTIZED DEBT EXPENSE	124,672,241	100,533,627	64,041,780	52,381,070	21,764,007
29	EXTRAORDINARY PROPERTY LOSSES	9,554,656	953,754-	1,708,789	10,837,942	14,874,848
30	PREL. SURVEY & INVESTIGATION CHARGES	9,262,390	-	-	-	-
31	CLEARING ACCOUNTS	36,039	24,337	24,976	28,844	18,127
32	DEFERRED LOSSES - DISP. OF UTILITY PLANT	856,500	-	-	-	-
33	RESEARCH AND DEVELOPEMENT	4,421,763-	2,288,729	1,361,617-	1,862,429	5,293,847
34	ACCUM. DEFERRED INCOME TAXES	66,000,000	31,610,000	15,674,000	54,178,000	58,919,000
35	OTHER DEFERRED DEBITS	263,246,478	145,409,421	81,169,236	34,100,300	68,112,535
36	TOTAL DEFERRED DEBITS	469,206,541	278,912,360	161,257,164	153,388,585	168,982,364
37	TOTAL ASSETS AND OTHER DEBITS	$ 6,851,476,378	$ 7,629,390,034	$ 7,030,697,092	$ 6,287,594,528	$ 5,346,976,714
	GAS UTILITY PLANT*					
38	INTANGIBLE PLANT	-	-	-	-	-
	PRODUCTION PLANT:					
39	MANUFACTURED GAS PLANT	-	-	-	-	-
40	NATURAL GAS PLANT	1,853,236	2,022,040	2,137,158	2,284,317	2,548,092
41	NATURAL GAS STORAGE PLANT					
42	UNDERGROUND STORAGE PLANT	-	-	-	-	-
43	OTHER STORAGE PLANT	-	-	-	-	-
44	TRANSMISSION PLANT	-	-	-	-	-
45	DISTRIBUTION PLANT	570,531,344	537,995,951	511,546,650	488,325,347	467,450,460
46	GENERAL PLANT	4,815,983	4,428,634	4,311,445	4,018,449	3,758,504
47	GAS PLANT PURCHASED OR SOLD	-	-	-	-	-
48	EXPERIMENTAL GAS PLANT UNCLASSIFIED	-	-	-	-	-
49	GAS STORED UNDERGROUND NON-CURRENT	-	-	-	-	-
50	TOTAL GAS PLANT IN SERVICE	577,200,563	544,446,625	517,995,253	494,628,113	473,757,056
51	PLANT LEASED TO OTHERS	-	-	-	-	-
52	PLANT HELD FOR FUTURE USE	-	-	-	-	-
53	CONSTRUCTION WORK IN PROGRESS	14,684,282	14,084,870	8,654,322	8,836,288	7,318,324
54	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
55	TOTAL GAS UTILITY PLANT	591,884,845	558,531,495	526,649,575	503,464,401	481,075,380
56	ACCUM. PROV. FOR DEPR. AND AMORT.	160,202,388	148,854,486	138,753,482	130,695,873	121,899,825
57	NET GAS UTILITY PLANT	431,682,457	409,677,009	387,896,093	372,768,528	359,175,555
	PLANT IN SERVICE:					
58	BEGINNING OF YEAR	544,446,625	517,995,253	494,628,113	473,757,056	449,397,549
59	ADDITIONS	34,902,170	28,892,504	27,321,915	24,204,649	28,527,848
60	RETIREMENTS	2,132,282	2,441,132	3,955,479	3,342,908	3,831,111
61	TRANSFERS AND ADJUSTMENTS	15,950-	-	704	9,316	337,230-
62	END OF YEAR	$ 577,200,563	$ 544,446,625	$ 517,995,253	$ 494,628,113	$ 473,757,056

*EXCLUDES ALLOCATION OF COMMON PLANT

NIAGARA MOHAWK POWER CORPORATION
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
LIABILITIES AND OTHER CREDITS						
COMMON STOCK ISSUED	$ 128,953,424	$ 127,140,994	$ 126,928,340	$ 116,848,974	$ 104,010,003	1
PREFERRED STOCK ISSUED	660,470,025	697,850,000	682,900,000	628,850,000	592,800,000	2
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	3
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	4
PREMIUM ON CAPITAL STOCK	1,237,501,048	1,214,854,083	1,210,463,925	1,035,273,337	858,485,451	5
OTHER PAID-IN CAPITAL	334,222,230	334,222,230	334,222,230	333,744,079	333,744,079	6
INSTALLMENTS REC'D ON CAPITAL STOCK	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	16,569,500-	16,517,769-	14,447,457-	12,970,848-	11,733,534-	8
RETAINED EARNINGS	25,264,179	864,924,625	791,934,619	702,224,603	617,815,582	9
UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS	78,475,170	56,925,932	50,180,588	40,237,078	32,865,388	10
REACQUIRED CAPITAL STOCK	-	-	-	1,349,000-	2,376,000-	11
TOTAL PROPRIETARY CAPITAL	2,448,316,576	3,279,400,095	3,182,182,245	2,842,858,223	2,525,610,969	12
BONDS (LESS BONDS REACQUIRED)	2,073,136,000	2,246,141,000	2,129,751,000	2,069,996,000	1,779,333,000	13
ADVANCES FROM ASSOCIATED COMPANIES	-	-	-	-	-	14
OTHER LONG-TERM DEBT	896,842,853	637,855,304	570,127,872	377,973,035	236,300,000	15
NET UNAMORTIZED PREMIUM + DISCOUNT	293,866	67,143-	1,548,166	1,951,375	1,834,832	16
TOTAL LONG TERM DEBT	2,970,272,719	2,883,929,161	2,701,427,038	2,449,920,410	2,017,467,832	17
NOTES PAYABLE	50,005,000	100,012,500	5,000,000	51,050,000	80,100,000	18
ACCOUNTS PAYABLE	174,662,177	159,532,569	214,804,855	198,383,636	197,075,539	19
PAYABLES TO ASSOCIATED COMPANIES	2,152,358	2,392,257	2,458,434	2,712,276	1,533,438	20
CUSTOMER DEPOSITS	9,588,132	8,559,771	7,740,695	6,551,721	5,648,481	21
TAXES ACCRUED	15,194,374	7,144,051	6,257,947	22,823,865	12,573,495	22
INTEREST ACCRUED	70,399,429	68,742,853	76,276,750	66,392,373	46,621,639	23
DIVIDENDS DECLARED	-	-	-	769-	-	24
TAX COLLECTIONS PAYABLE	9,768,927	5,946,244	6,112,126	8,287,354	8,670,682	25
OTHER CURRENT AND ACCRUED LIABILITIES	280,246,376	253,980,186	176,232,371	98,827,757	108,552,667	26
TOTAL CURRENT AND ACCRUED LIABILITIES	612,016,773	606,310,431	494,883,178	455,028,213	450,785,941	27
CUSTOMER ADVANCES FOR CONSTRUCTION	-	-	-	-	-	28
DEFERRED GAINS FROM DISPOSITION OF UTILITY PLANT	-	-	-	-	-	29
ACCUM. DEFERRED INVESTMENT TAX CREDITS	252,453,000	267,450,000	219,198,000	182,691,000	129,488,000	30
OTHER DEFERRED CREDITS	284,811,917	182,936,347	120,976,631	111,245,682	24,376,972	31
ACCUMULATED DEFERRED INCOME TAXES:						
ACCELERATED AMORTIZATION	2,502,000	3,695,000	4,943,000	6,246,000	7,603,000	32
LIBERALIZED DEPRECIATION	160,099,000	275,052,000	221,263,000	178,265,000	124,391,000	33
OTHER	121,004,393	130,617,000	85,824,000	61,340,000	57,253,000	34
TOTAL DEFERRED CREDITS	820,870,310	859,750,347	652,204,631	539,787,682	343,111,972	35
PROPERTY INSURANCE RESERVE	-	-	-	-	-	36
INJURIES AND DAMAGE RESERVES	-	-	-	-	-	37
PENSION AND BENEFITS RESERVE	-	-	-	-	-	38
MISCELLANEOUS OPERATING RESERVES	-	-	-	-	-	39
TOTAL OPERATING RESERVES	-	-	-	-	-	40
TOTAL LIABILITIES AND OTHER CREDITS	$ 6,851,476,378	$ 7,629,390,034	$ 7,030,697,092	$ 6,287,594,528	$ 5,346,976,714	41
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS / BY CURRENT LIABILITIES	0.81	0.99	0.96	1.06	1.02	42
PERCENT OF CAPITALIZATION:						
LONG-TERM DEBT	54.8	46.7	45.9	46.2	44.4	43
PREFERRED STOCK	12.1	11.3	11.6	11.8	13.0	44
COMMON STOCK AND OTHER PAID-IN CAPITAL	32.5	27.8	29.0	28.5	28.9	45
RETAINED EARNINGS	0.4	14.0	13.4	13.2	13.5	46
LONG-TERM DEBT: % OF GROSS UTILITY PLANT	38.9	34.2	35.5	35.6	32.9	47
ACCUM. PROV. FOR DEPR.: % OF UTILITY PLT	24.9	20.8	21.2	21.6	24.8	48

NIAGARA MOHAWK POWER CORPORATION
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO		1987	1986	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL					
1	NET INCOME	$ 275,786,341	$ 397,864,913	$ 411,430,034	$ 359,733,854	$ 312,408,950
2	DEPRECIATION AND AMORTIZATION	156,514,139	154,537,360	149,870,076	140,380,300	126,765,149
3	DEFERRED INCOME TAXES - NET	148,334,000	133,743,000	141,206,000	116,265,000	80,850,259
4	INTEREST CAPITALIZED	30,878,044-	165,792,933-	187,316,403-	161,496,650-	117,792,939-
5	OTHER (NET)	852,925,212	10,789,745	9,160,215	8,255,386	1,979,757
6	SUBTOTAL	1,402,681,648	531,142,085	524,349,922	463,137,890	404,211,176
7	EXTRAORDINARY ITEMS	833,000,000-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	569,681,648	531,142,085	524,349,922	463,137,890	404,211,176
9	LESS DIVIDENDS: PREFERRED	52,017,216	53,817,506	59,559,323	51,460,031	42,108,640
10	COMMON	208,880,333	264,312,057	252,217,185	216,493,112	185,642,756
11	NET FUNDS - INTERNAL SOURCES	308,784,099	213,012,522	212,573,414	195,184,747	176,459,780
	EXTERNAL					
12	LONG TERM DEBT	383,987,548	623,432,432	425,480,502	409,713,713	289,900,000
13	PREFERRED STOCK	25,000,000	75,000,000	75,000,000	50,000,000	120,000,000
14	COMMON STOCK	24,459,395	4,602,812	185,269,954	189,626,857	171,269,162
15	NET INCREASE IN SHORT TERM DEBT	-	95,012,500	-	-	-
16	OTHER (NET)	-	-	-	-	-
17	TOTAL FUNDS - EXTERNAL SOURCES	433,446,943	798,047,744	685,750,456	649,340,570	581,169,162
	OTHER SOURCES					
18	NET DECREASE IN WORKING CAPITAL	159,115,137	-	93,666,874	13,331,459	7,976,154
19	OTHER	-	203,144,066	-	-	-
20	TOTAL FUNDS PROVIDED	$ 901,346,179	$ 1,214,204,332	$ 991,990,744	$ 857,856,776	$ 765,605,096
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
21	GAS PLANT	$ 39,381,948	$ 39,904,150	$ 20,911,143	$ 41,001,891	$ 31,872,767
22	LIQUEFIED NATURAL GAS PLANT	-	-	-	-	-
23	NON-UTILITY	-	-	-	-	-
24	OTHER	406,714,921	732,306,600	745,766,154	743,692,749	643,863,293
25	TOTAL CONSTRUCTION	446,096,869	772,210,750	766,677,297	784,694,640	675,736,060
26	LESS INTEREST CAPITALIZED	30,878,044	165,792,933	187,316,403	161,496,650	117,792,939
27	TOTAL EXCLUDING INTEREST CAPITALIZED	415,218,825	606,417,817	579,360,894	623,197,990	557,943,121
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	298,005,000	440,815,000	178,195,000	30,732,000	173,052,000
29	PREFERRED STOCK	62,379,975	60,050,000	19,601,000	12,923,000	12,318,000
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	50,007,500	-	46,050,000	29,050,000	11,900,000
32	OTHER (NET)	-	-	-	-	-
34	TOTAL RETIREMENT OF SECURITIES	410,392,475	500,865,000	243,846,000	72,705,000	197,270,000
	OTHER USES					
35	NET INCREASE IN WORKING CAPITAL	-	106,921,515	-	-	-
36	OTHER (NET)	75,734,879	-	168,783,850	161,953,786	10,391,975
37	TOTAL FUNDS APPLIED	$ 901,346,179	$ 1,214,204,332	$ 991,990,744	$ 857,856,776	$ 765,605,096

NIAGARA MOHAWK POWER CORPORATION
COMPARATIVE STATEMENTS OF INCOME AND RETAINED EARNINGS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
GAS OPERATING INCOME						
OPERATING REVENUES	$ 453,238,996	$ 528,486,345	$ 598,536,409	$ 651,076,361	$ 608,586,699	1
OPERATION AND MAINTENANCE EXPENSE	346,064,799	409,142,470	479,835,448	524,836,113	497,609,707	2
DEPRECIATION EXPENSE	13,829,084	13,376,464	12,728,226	12,220,808	11,736,076	3
AMORTIZATION	294,158	271,374	269,260	408,557	579,185	4
TAXES OTHER THAN INCOME TAXES	49,300,942	50,148,791	50,603,748	50,960,287	47,457,799	5
INCOME TAXES	14,762,000	3,509,000-	4,818,724	22,628,526	10,200,140	6
PROVISION FOR DEFERRED INCOME TAXES	10,833,000	20,798,000	14,359,000	13,595,000	15,468,000	7
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	14,654,000-	10,253,000-	7,799,000-	17,885,000-	16,490,000-	8
MISC. ADJUSTMENTS OF INCOME TAXES	-	-	-	-	-	9
GAINS FROM DISPOSITION OF UTILITY PLT	-	-	-	-	-	10
LOSSES FROM DISPOSITION OF UTILITY PLT	-	-	-	-	-	11
TOTAL OPERATING EXPENSES	420,429,983	479,975,099	554,815,406	606,764,291	566,560,907	12
NET OPERATING REVENUES	32,809,013	48,511,246	43,721,003	44,312,070	42,025,792	13
INC. - LEASED PLT. & OTHER OPER. INC.	-	-	-	-	-	14
GAS OPERATING INCOME	32,809,013	48,511,246	43,721,003	44,312,070	42,025,792	15
OTHER UTILITY OPERATING INCOME	446,750,349	387,601,040	361,070,941	342,814,893	307,156,362	16
TOTAL UTILITY OPERATING INCOME	479,559,362	436,112,286	404,791,944	387,126,963	349,182,154	17
OTHER INCOME						
MERCH., JOBBING AND CONTRACT WORK	-	-	-	-	-	18
INCOME FROM NONUTILITY OPERATIONS	-	-	-	-	-	19
NONOPERATING RENTAL INCOME	315,053	232,362	35,537-	129,792-	239,022-	20
EQUITY IN EARNINGS OF SUBSIDIARY CO'S	21,822,343	7,467,736	11,580,528	9,356,690	9,876,212	21
INTEREST AND DIVIDEND INCOME	7,324,995	31,089,611	44,660,643	18,115,060	8,550,048	22
ALLOWANCE FOR CONSTRUCTION FUNDS	30,878,044	165,792,933	187,316,403	161,496,650	117,792,939	23
MISCELLANEOUS NONOPERATING INCOME	4,992,874	3,132,929	2,794,120	1,762,009-	3,221,927	24
GAIN ON DISPOSITION OF PROPERTY	511,317	388,649	861,265	815,351	72,752	25
TOTAL OTHER INCOME	65,844,626	208,104,220	247,177,422	187,891,950	139,274,856	26
TOTAL INCOME	545,403,988	644,216,506	651,969,366	575,018,913	488,457,010	27
INCOME DEDUCTIONS						
TAXES OTHER THAN INC. TAXES-NONOPERATING	893,451	2,567,698	1,201,739	963,295	641,006	28
INCOME TAXES-NONOPERATING	17,622,000-	32,293,000-	26,454,447-	32,521,970-	29,023,373-	29
LOSS ON DISPOSITION OF PROPERTY	226,753	206,615	126,276	75,605	83,985	30
MISCELLANEOUS AMORTIZATION	1,252,574	693,953	427,091	533,411	552,649	31
MISCELLANEOUS INCOME DEDUCTIONS	15,886,151	3,914,752-	2,035,414-	9,161,777	1,924,039	32
TOTAL INCOME DEDUCTIONS	636,929	32,739,486-	26,734,755-	21,787,882-	25,821,694-	33
INCOME BEFORE INTEREST CHARGES	544,767,059	676,955,992	678,704,121	596,806,795	514,278,704	34
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	253,346,588	259,021,784	256,834,343	221,703,684	187,761,814	35
AMORT. OF DEBT DISCOUNT + EXPENSE	11,580,289	5,783,881	4,312,187	3,259,586	2,122,018	36
AMORT. OF PREMIUM ON DEBT-CREDIT	336,087-	345,493-	354,673-	365,659-	380,972-	37
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	1,354,840	-	38
OTHER INTEREST EXPENSE	4,389,928	14,630,907	6,482,230	11,120,490	12,366,894	39
TOTAL INTEREST CHARGES	268,980,718	279,091,079	267,274,087	237,072,941	201,869,754	40
INCOME BEFORE EXTRAORDINARY ITEMS	275,786,341	397,864,913	411,430,034	359,733,854	312,408,950	41
EXTRAORDINARY ITEMS - NET	833,000,000-	-	-	-	-	42
NET INCOME	$ 557,213,659-	$ 397,864,913	$ 411,430,034	$ 359,733,854	$ 312,408,950	43
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 864,226,392	$ 791,236,386	$ 701,526,370	$ 617,117,349	$ 563,171,672	44
BALANCE TRANSFERRED FROM INCOME	578,762,897-	391,119,569	401,486,524	352,362,164	304,457,738	45
APPROPRIATIONS	-	-	-	-	-	46
DIVIDENDS DECLARED-PREFERRED STOCK	52,017,216	53,817,506	59,559,323	51,460,031	42,108,340	47
-COMMON STOCK	208,880,333	264,312,057	252,217,185	216,493,112	185,642,756	48
ADJUSTMENTS	-	-	-	-	23,360,665-	49
BALANCE END OF YEAR	24,565,946	864,226,392	791,236,386	701,526,370	617,117,349	50
APPROPRIATED RETAINED EARNINGS	698,233	698,233	698,233	698,233	698,233	51
UNDISTRIBUTED SUBSIDIARY EARNINGS	78,475,170	56,925,932	50,180,588	40,237,078	32,865,388	52
TOTAL END OF YEAR	$ 103,739,349	$ 921,850,557	$ 842,115,207	$ 742,461,681	$ 650,680,970	53
SELECTED INCOME ACCOUNT RELATIONSHIPS						
GAS OPERATING REVENUES						
% OF TOTAL OPERATING REVENUES	17.4	20.0	22.3	23.5	23.2	54
NET INCOME-PERCENT OF OPERATING REVENUES	11.6*	15.0	15.3	12.9	11.9	55
PRETAX COVERAGE OF INTEREST CHARGES	2.7	3.1	3.1	2.1	2.9	56
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	84.0*	76.8	71.6	70.2	68.6	57
RETURN ON COMMON EQUITY	11.4*	13.5	14.9	14.8	14.9	58

*Ratios shown here are based on what the income would have been before the Nine-Mile 2 Plant write-off. See the Table "NINE-MILE 2 AND OTHER WRITE-OFFS" in the Electric Narrative Section for the impact on Net Income.

NIAGARA MOHAWK POWER CORPORATION
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO.	ITEM	1987	1986	1985	1984	1983
	REVENUES					
1	RESIDENTIAL	$ 280,091,753	$ 296,853,592	$ 295,060,651	$ 313,535,868	$ 304,157,282
2	COMMERCIAL AND INDUSTRIAL	150,877,989	211,283,239	281,196,549	313,776,415	284,913,230
3	OTHER SALES TO PUBLIC AUTHORITIES	-	-	-	-	-
4	INTERDEPARTMENTAL	-	-	-	-	-
5	TOTAL REVENUES - ULTIMATE CONSUMERS	430,969,742	508,136,831	576,257,210	627,312,283	589,070,512
6	RESALE	8,802,332	14,299,555	18,691,096	19,708,076	15,783,044
7	TOTAL REVENUES FROM SALES OF GAS	439,772,074	522,436,386	594,948,306	647,020,359	604,853,556
8	OTHER GAS OPERATING REVENUES	13,466,922	6,049,959	3,588,103	4,056,002	3,733,143
9	TOTAL GAS OPERATING REVENUES	$ 453,238,996	$ 528,486,345	$ 598,536,409	$ 651,076,361	$ 608,586,699
	GAS SALES (MCF)					
10	RESIDENTIAL	46,745,876	48,083,495	46,039,707	48,170,140	45,588,040
11	COMMERCIAL AND INDUSTRIAL	29,923,769	41,627,922	54,687,260	58,995,226	51,223,226
12	OTHER SALES TO PUBLIC AUTHORITIES	-	-	-	-	-
13	INTERDEPARTMENTAL	-	-	-	-	-
14	TOTAL SALES TO ULTIMATE CONSUMERS	76,669,645	89,711,417	100,726,967	107,165,366	96,811,266
15	RESALE	2,435,470	3,622,488	4,740,301	4,663,657	3,532,135
16	TOTAL GAS SALES	79,105,115	93,333,905	105,467,268	111,829,023	100,343,401
	CUSTOMERS - AVERAGE PER MONTH					
17	RESIDENTIAL	411,566	407,547	404,116	400,878	398,596
18	COMMERCIAL AND INDUSTRIAL	34,369	33,713	33,088	32,609	32,222
19	OTHER SALES TO PUBLIC AUTHORITIES	-	-	-	-	-
20	INTERDEPARTMENTAL	-	-	-	-	-
21	TOTAL ULTIMATE CONSUMERS	445,935	441,260	437,204	433,487	430,818
22	RESALE	2	2	2	2	2
23	TOTAL CUSTOMERS	445,937	441,262	437,206	433,489	430,820

GAS OPERATING REVENUE RELATIONSHIPS

LINE NO.	ITEM	1987	1986	1985	1984	1983
	RESIDENTIAL SALES					
24	AVERAGE ANNUAL BILL PER CUSTOMER	$ 680.55	$ 728.39	$ 730.14	$ 782.12	$ 763.07
25	AVERAGE MCF CONSUMPTION PER CUSTOMER	114	118	114	120	114
26	AVERAGE REVENUE PER MCF SOLD	$ 5.99	$ 6.17	$ 6.41	$ 6.51	$ 6.67
	COMMERCIAL AND INDUSTRIAL SALES					
27	AVERAGE ANNUAL BILL PER CUSTOMER	$ 4,389.94	$ 6,267.11	$ 8,498.45	$ 9,622.39	$ 8,842.20
28	AVERAGE MCF CONSUMPTION PER CUSTOMER	871	1,235	1,653	1,809	1,590
29	AVERAGE REVENUE PER MCF SOLD	$ 5.04	$ 5.08	$ 5.14	$ 5.32	$ 5.56

GAS OPERATION AND MAINTENANCE EXPENSES

LINE NO.	ITEM	1987	1986	1985	1984	1983
	PRODUCTION EXPENSES					
	MANUFACTURED GAS					
30	STEAM	-	-	-	-	-
31	MANUFACTURED GAS	-	-	-	-	-
	NATURAL GAS					
32	PRODUCTION AND GATHERING	28,044	10,849	12,101	15,142	24,282
33	EXPLORATION AND DEVELOPMENT					
	OTHER GAS SUPPLY EXPENSES					
34	PURCHASED GAS	268,099,000	338,633,937	411,801,291	452,960,630	432,897,407
35	OTHER	5,592	5,353	1,888	9,796	20,052
36	TOTAL PRODUCTION EXPENSE	268,132,636	338,650,139	411,815,280	452,985,568	432,941,741
	NATURAL GAS STORAGE EXPENSES					
37	UNDERGROUND STORAGE EXPENSES	-	-	-	-	-
38	OTHER STORAGE EXPENSES	-	-	-	-	-
39	TOTAL NATURAL GAS STORAGE EXPENSE	-	-	-	-	-
40	TRANSMISSION EXPENSES	-	-	-	-	-
41	DISTRIBUTION EXPENSES	27,175,862	26,113,712	25,745,986	25,371,702	26,726,426
42	CUSTOMER ACCOUNTS EXPENSES	13,762,705	13,496,252	11,957,135	12,026,857	11,471,101
43	SALES EXPENSES	1,869,628	1,866,790	1,810,817	1,569,697	1,201,471
44	ADMINISTRATIVE AND GENERAL EXPENSES	35,133,968	29,016,577	28,506,230	32,882,289	25,268,968
45	TOTAL O & M EXPENSES	$ 345,064,799	$ 409,142,470	$ 479,835,448	$ 524,836,113	$ 497,609,707

NIAGARA MOHAWK POWER CORPORATION
DISTRIBUTION OF GAS REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
REVENUES	$ 453,238,996	$ 528,486,345	$ 598,536,409	$ 651,076,361	$ 608,586,699	1
SALES (MCF)	79,105,115	93,333,905	105,467,268	111,829,023	100,343,401	2
			DOLLAR AMOUNTS			
PURCHASED GAS & OTHER SUPPLY EXPENSE	$ 268,104,592	$ 338,639,290	$ 411,803,179	$ 452,970,426	$ 432,917,459	3
WAGES AND BENEFITS	50,045,932	49,504,926	46,816,632	45,344,611	44,474,199	4
OTHER OPERATION AND MAINTENANCE EXPENSES	27,914,275	20,998,254	21,215,637	26,521,076	20,218,049	5
DEPRECIATION AND AMORTIZATION EXPENSES	14,123,242	13,647,838	12,997,486	12,629,365	12,315,261	6
INCOME TAXES - OPERATING	10,941,000	7,036,000	11,378,724	18,338,526	9,178,140	7
OTHER TAXES - OPERATING	49,300,942	50,148,791	50,603,748	50,960,287	47,457,799	8
*INTEREST CHARGES **	18,685,321	19,456,463	21,319,337	18,867,553	16,083,643	9
*PREFERRED DIVIDENDS **	3,987,689	3,339,436	3,890,288	3,603,086	3,315,646	10
EARNINGS AVAILABLE FOR COMMON EQUITY	10,136,003	25,715,347	18,511,378	21,841,431	22,626,503	11
TOTAL	$ 453,238,996	$ 528,486,345	$ 598,536,409	$ 651,076,361	$ 608,586,699	12
			PERCENT OF REVENUES			
PURCHASED GAS & OTHER SUPPLY EXPENSE	59.2	64.1	68.8	69.6	71.1	13
WAGES AND BENEFITS	11.0	9.4	7.8	7.0	7.3	14
OTHER OPERATION AND MAINTENANCE EXPENSES	5.2	4.0	3.5	4.1	3.3	15
DEPRECIATION AND AMORTIZATION EXPENSES	3.1	2.6	2.2	1.9	2.0	16
INCOME TAXES - OPERATING	2.4	1.3	1.9	2.8	1.5	17
OTHER TAXES - OPERATING	10.9	9.5	8.5	7.8	7.8	18
*INTEREST CHARGES **	4.1	3.7	3.6	2.9	2.6	19
*PREFERRED DIVIDENDS **	0.9	0.6	0.6	0.6	0.5	20
EARNINGS AVAILABLE FOR COMMON EQUITY	2.2	4.9	3.1	3.4	3.7	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
			DOLLARS PER MCF			
PURCHASED GAS & OTHER SUPPLY EXPENSE	$ 3.39	$ 3.63	$ 3.90	$ 4.05	$ 4.31	23
WAGES AND BENEFITS	0.63	0.53	0.44	0.41	0.44	24
OTHER OPERATION AND MAINTENANCE EXPENSES	0.35	0.22	0.20	0.24	0.20	25
DEPRECIATION AND AMORTIZATION EXPENSES	0.18	0.15	0.12	0.11	0.12	26
INCOME TAXES - OPERATING	0.14	0.08	0.11	0.16	0.09	27
OTHER TAXES - OPERATING	0.62	0.54	0.48	0.46	0.47	28
*INTEREST CHARGES **	0.24	0.21	0.20	0.17	0.16	29
*PREFERRED DIVIDENDS **	0.05	0.04	0.04	0.03	0.03	30
EARNINGS AVAILABLE FOR COMMON EQUITY	0.13	0.28	0.18	0.20	0.23	31
TOTAL	$ 5.73	$ 5.66	$ 5.68	$ 5.82	$ 6.07	32
*STARRED ITEMS ARE ALLOCATED TO GAS OPERATIONS BASED ON THE RATIO OF NET GAS PLANT TO NET TOTAL PLANT LESS NET COMMON PLANT AT DECEMBER 31- STATED AS PERCENTS	7.71	6.26	6.58	7.08	7.94	33

** NET OF AFC

ORANGE AND ROCKLAND UTILITIES, INC.
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF GAS PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	GAS UTILITY PLANT	$ 130,178,302	$ 122,639,114	$ 114,489,418	$ 105,147,084	$ 98,607,613
2	ACCUM PROV FOR DEPR AND AMORT	46,110,605	42,028,219	36,644,293	31,991,365	27,142,185
3	NET GAS UTILITY PLANT	84,067,697	80,610,895	77,845,125	73,155,719	71,465,428
4	OTHER UTILITY PLANT	694,608,212	619,798,608	543,241,354	513,181,776	488,598,840
5	ACCUM PROV FOR DEPR AND AMORT	188,104,680	176,464,327	168,472,201	156,154,139	142,840,296
6	NET OTHER UTILITY PLANT	506,503,532	443,334,281	374,769,153	357,027,637	345,758,544
7	TOTAL UTILITY PLANT	824,786,514	742,437,722	657,730,772	618,328,860	587,206,453
8	ACCUM PROV FOR DEPR AND AMORT	234,215,285	218,492,546	205,116,494	188,145,504	169,982,481
9	NET TOTAL UTILITY PLANT	590,571,229	523,945,176	452,614,278	430,183,356	417,223,972
10	NONUTILITY PROPERTY LESS ACCUM PROV FOR DEPR AND AMORT	106,818	72,733	83,506	91,038	79,279
11	INVESTMENT IN ASSOCIATED COMPANIES	-	-	-	-	-
12	INVESTMENT IN SUBSIDIARY COMPANIES	69,081,866	66,140,629	61,225,798	55,283,544	54,491,112
13	OTHER INVESTMENTS	1	1	1	1	1
14	SPECIAL FUNDS	-	-	-	-	-
15	TOTAL OTHER PROPERTY AND INVESTMENTS	69,188,685	66,213,363	61,309,305	55,374,583	54,570,392
16	CASH	1,661,693	7,920,155	4,823,254	2,301,871	993,950
17	SPECIAL DEPOSITS	735,072	666,622	568,228	259,653	177,653
18	WORKING FUNDS	90,649	205,936	104,852	39,214	69,289
19	TEMPORARY CASH INVESTMENTS	552,000	-	-	8,970,161	-
20	NOTES & ACCTS RECEIVABLE LESS ACCUM PROV FOR UNCOLLECTIBLE ACCOUNTS	28,500,531	30,773,098	34,982,563	37,984,297	37,725,767
21	RECEIVABLES - ASSOCIATED COMPANIES	13,584,297	8,965,971	7,764,500	8,531,675	7,395,243
22	MATERIALS AND SUPPLIES	16,484,098	14,353,966	17,662,295	18,773,090	14,079,489
23	GAS STORED UNDERGROUND - CURRENT	3,279,134	3,904,088	5,133,059	3,776,418	3,313,349
24	LIQUEFIED NATURAL GAS IN STORAGE	-	-	-	-	-
25	PREPAYMENTS	19,296,147	16,391,992	14,062,863	13,484,305	12,921,909
26	OTHER CURRENT AND ACCRUED ASSETS	30,377,684	27,773,327	33,639,381	26,543,641	22,503,071
27	TOTAL CURRENT AND ACCRUED ASSETS	114,561,305	110,955,154	118,740,996	120,664,325	99,179,720
28	UNAMORTIZED DEBT EXPENSE	4,292,338	4,494,870	4,686,684	3,408,082	2,129,365
29	EXTRAORDINARY PROPERTY LOSSES	31,511,869	33,821,591	34,850,943	36,685,577	38,544,953
30	PREL SURVEY & INVESTIGATION CHARGES	255,697	186,947	546,860	682,637	600,246
31	CLEARING ACCOUNTS	-	-	1,718	-	84
32	DEFERRED LOSSES - DISP OF UTILITY PLANT	-	-	-	-	-
33	RESEARCH AND DEVELOPEMENT	1,466,401	14,152	290,191-	556,936-	77,418-
34	ACCUM DEFERRED INCOME TAXES	3,580,439	2,368,323	1,148,149	526,738	257,842
35	OTHER DEFERRED DEBITS	17,179,009	6,603,062	12,567,184	13,778,170	18,332,854
36	TOTAL DEFERRED DEBITS	58,285,753	47,488,945	53,511,347	54,524,268	59,787,926
37	TOTAL ASSETS AND OTHER DEBITS	$ 832,606,972	$ 748,602,638	$ 686,175,926	$ 660,746,532	$ 630,762,010
	GAS UTILITY PLANT*					
38	INTANGIBLE PLANT	$ 20,826	$ 20,826	$ 20,826	$ 20,826	$ 20,826
	PRODUCTION PLANT					
39	MANUFACTURED GAS PLANT	3,405,955	3,395,172	3,394,382	3,367,777	3,337,509
40	NATURAL GAS PLANT	373,743	373,743	373,743	373,743	439,703
41	NATURAL GAS STORAGE PLANT					
42	UNDERGROUND STORAGE PLANT	-	-	-	-	-
43	OTHER STORAGE PLANT	-	-	-	-	-
44	TRANSMISSION PLANT	-	-	-	-	-
45	DISTRIBUTION PLANT	116,168,187	109,762,690	104,135,816	96,227,195	91,036,014
46	GENERAL PLANT	4,159,490	3,627,767	3,240,036	3,050,535	2,942,744
47	GAS PLANT PURCHASED OR SOLD	-	-	-	-	-
48	EXPERIMENTAL GAS PLANT UNCLASSIFIED	-	-	-	-	-
49	GAS STORED UNDERGROUND NON-CURRENT	-	-	-	-	-
50	TOTAL GAS PLANT IN SERVICE	124,128,201	117,180,198	111,164,803	103,040,076	97,776,796
51	PLANT LEASED TO OTHERS	-	-	-	-	-
52	PLANT HELD FOR FUTURE USE	23,633	23,633	23,633	23,633	23,633
53	CONSTRUCTION WORK IN PROGRESS	6,026,466	5,435,283	3,300,982	2,083,375	807,184
54	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
55	TOTAL GAS UTILITY PLANT	130,178,302	122,639,114	114,489,418	105,147,084	98,607,613
56	ACCUM PROV FOR DEPR AND AMORT	46,110,605	42,028,219	36,644,293	31,991,365	27,142,185
57	NET GAS UTILITY PLANT	84,067,697	80,610,895	77,845,125	73,155,719	71,465,428
	PLANT IN SERVICE:					
58	BEGINNING OF YEAR	117,180,198	111,164,803	103,040,076	97,776,796	93,420,066
59	ADDITIONS	7,259,427	6,437,809	8,366,604	5,494,202	4,754,667
60	RETIREMENTS	312,681	479,292	241,877	262,395	405,114
61	TRANSFERS AND ADJUSTMENTS	1,257	56,878	-	31,473	7,177
62	END OF YEAR	$ 124,128,201	$ 117,180,198	$ 111,164,803	$ 103,040,076	$ 97,776,796

*EXCLUDES ALLOCATION OF COMMON PLANT

ORANGE AND ROCKLAND UTILITIES, INC
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON STOCK ISSUED	$ 63,153,630	$ 63,146,955	$ 63,130,810	$ 63,112,095	$ 61,525,110	1
PREFERRED STOCK ISSUED	57,451,333	58,865,744	60,322,164	61,790,087	61,823,492	2
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	3
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	4
PREMIUM ON CAPITAL STOCK	105,883,079	105,860,383	105,806,315	105,743,632	100,633,816	5
OTHER PAID-IN CAPITAL	-	-	-	-	-	6
INSTALLMENTS REC'D ON CAPITAL STOCK	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	5,825,566-	5,826,406-	5,848,720-	5,804,508-	5,748,418-	8
RETAINED EARNINGS	77,554,565	71,319,465	66,807,220	64,858,456	55,842,734	9
UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS	42,856,785	39,915,548	35,000,717	30,960,464	30,168,132	10
REACQUIRED CAPITAL STOCK	-	-	-	-	-	11
TOTAL PROPRIETARY CAPITAL	341,073,826	333,281,689	325,218,506	320,660,226	304,244,866	12
BONDS (LESS BONDS REACQUIRED)	170,000,000	170,000,000	170,000,000	170,000,000	170,000,000	13
ADVANCES FROM ASSOCIATED COMPANIES	-	-	-	-	-	14
OTHER LONG-TERM DEBT	102,504,593	59,867,807	25,057,702	16,926,290	6,237,125	15
NET UNAMORTIZED PREMIUM + DISCOUNT	315,010-	300,419-	285,827-	39,940	591,726	16
TOTAL LONG TERM DEBT	272,189,583	229,567,388	194,771,875	186,966,230	176,828,851	17
NOTES PAYABLE	36,500,000	22,000,000	4,500,000	-	11,500,000	18
ACCOUNTS PAYABLE	44,380,066	45,508,262	42,739,124	42,297,507	31,919,090	19
PAYABLES TO ASSOCIATED COMPANIES	1,483,078	1,020,625	312,179	763,151	421,401	20
CUSTOMER DEPOSITS	2,454,455	2,127,738	2,054,542	1,914,025	1,837,682	21
TAXES ACCRUED	2,932,961	3,656,481	3,173,533	3,395,856	17,422,533	22
INTEREST ACCRUED	6,501,144	3,310,015	5,006,474	4,989,859	5,431,863	23
DIVIDENDS DECLARED	918,246	1,058,902	1,002,799	1,002,799	1,002,799	24
TAX COLLECTIONS PAYABLE	321,239	351,355	332,310	275,987	271,643	25
OTHER CURRENT AND ACCRUED LIABILITIES	22,926,079	18,967,156	19,035,353	16,197,309	16,073,813	26
TOTAL CURRENT AND ACCRUED LIABILITIES	118,417,268	98,000,534	78,156,314	70,836,493	85,880,824	27
CUSTOMER ADVANCES FOR CONSTRUCTION	853,519	838,316	755,943	671,478	541,252	28
DEFERRED GAINS FROM DISPOSITION OF UTILITY PLANT	-	-	-	-	-	29
ACCUM. DEFERRED INVESTMENT TAX CREDITS	21,164,288	20,588,775	15,784,513	13,091,388	11,418,396	30
OTHER DEFERRED CREDITS	9,141,503	4,005,861	11,365,288	11,851,743	6,295,537	31
ACCUMULATED DEFERRED INCOME TAXES						
ACCELERATED AMORTIZATION	3,293,429	1,154,977	1,067,326	988,273	1,106,521	32
LIBERALIZED DEPRECIATION	45,143,500	39,524,500	34,136,101	28,487,700	23,672,900	33
OTHER	18,479,800	18,519,926	22,693,658	24,867,201	18,493,689	34
TOTAL DEFERRED CREDITS	98,076,039	84,632,355	85,802,829	79,957,783	61,528,295	35
PROPERTY INSURANCE RESERVE	445,921	445,921	445,921	484,474	484,474	36
INJURIES AND DAMAGE RESERVES	2,388,506	2,413,703	1,553,326	1,713,628	1,787,990	37
PENSION AND BENEFITS RESERVE	-	-	-	-	-	38
MISCELLANEOUS OPERATING RESERVES	15,829	261,048	227,155	127,698	6,710	39
TOTAL OPERATING RESERVES	2,850,256	3,120,672	2,226,402	2,325,800	2,279,174	40
TOTAL LIABILITIES AND OTHER CREDITS	$ 832,606,972	$ 748,602,638	$ 686,175,926	$ 660,746,532	$ 630,762,010	41
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS / BY CURRENT LIABILITIES	0 97	1 13	1 52	1 70	1.15	42
PERCENT OF CAPITALIZATION						
LONG-TERM DEBT	44 3	40 7	37 4	36 8	36 7	43
PREFERRED STOCK	9 3	10 4	11 6	12 1	12 8	44
COMMON STOCK AND OTHER PAID-IN CAPITAL	33 6	36 0	38 0	38 2	38 7	45
RETAINED EARNINGS	12 6	12 6	12 8	12 7	11 6	46
LONG-TERM DEBT % OF GROSS UTILITY PLANT	33 0	30 9	29 6	30 2	30 1	47
ACCUM. PROV. FOR DEPR. % OF UTILITY PLT	28 3	29 4	31 1	30 4	28 9	48

ORANGE AND ROCKLAND UTILITIES, INC
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO.		1987	1986	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL					
1	NET INCOME	$ 40,904,284	$ 40,984,517	$ 39,757,300	$ 38,718,891	$ 36,101,547
2	DEPRECIATION AND AMORTIZATION	21,124,165	21,022,286	19,817,904	19,898,524	17,959,835
3	DEFERRED INCOME TAXES - NET	7,080,723	4,886,408	5,625,625	12,474,160	3,406,349
4	INTEREST CAPITALIZED	7,370,686-	9,351,230-	1,643,130-	3,389,108-	2,698,415-
5	OTHER (NET)	6,526,649	6,434,837	4,865,769	5,408,828	3,102,332
6	SUBTOTAL	68,265,135	63,976,818	68,423,468	73,111,295	57,871,648
7	EXTRAORDINARY ITEMS	-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	68,265,135	63,976,818	68,423,468	73,111,295	57,871,648
9	LESS DIVIDENDS PREFERRED	3,941,363	4,281,253	4,284,360	4,287,709	4,290,048
10	COMMON	27,786,584	27,276,188	26,386,024	24,623,128	22,282,205
11	NET FUNDS - INTERNAL SOURCES	36,537,188	32,419,377	37,753,084	44,200,458	31,299,395
	EXTERNAL					
12	LONG TERM DEBT	43,310,576	35,863,177	8,808,554	11,043,738	913,613
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	29,371	70,213	81,398	6,696,801	9,883,051
15	NET INCREASE IN SHORT TERM DEBT	14,500,000	17,500,000	4,500,000	-	-
16	OTHER (NET)	-	-	-	-	-
17	TOTAL FUNDS - EXTERNAL SOURCES	57,839,947	53,433,390	13,389,952	17,740,539	10,796,664
	OTHER SOURCES					
18	NET DECREASE IN WORKING CAPITAL	2,310,583	10,130,062	4,743,150	-	371,882
19	OTHER	-	-	-	5,336,411	-
20	TOTAL FUNDS PROVIDED	$ 96,687,718	$ 95,982,829	$ 55,886,186	$ 67,277,408	$ 42,467,941
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
21	GAS PLANT	$ 7,850,612	$ 8,572,110	$ 9,584,211	$ 6,770,393	$ 4,259,737
22	LIQUEFIED NATURAL GAS PLANT	-	-	-	-	-
23	NON-UTILITY	54,589	18,028	17,951	34,625	-
24	OTHER	80,523,452	85,028,891	33,225,774	26,944,584	19,032,649
25	TOTAL CONSTRUCTION	88,428,653	93,619,029	42,827,936	33,749,602	23,292,386
26	LESS INTEREST CAPITALIZED	7,370,686	9,351,230	1,643,130	3,389,108	2,698,415
27	TOTAL EXCLUDING INTEREST CAPITALIZED	81,057,967	84,267,799	41,184,806	30,360,494	20,593,971
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	673,790	1,053,072	677,142	354,573	8,018,168
29	PREFERRED STOCK	1,414,411	1,456,420	1,467,923	33,405	87,570
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	-	-	11,500,000	2,500,000
32	OTHER (NET)	-	-	-	-	-
34	TOTAL RETIREMENT OF SECURITIES	2,088,201	2,509,492	2,145,065	11,887,978	10,605,738
	OTHER USES					
35	NET INCREASE IN WORKING CAPITAL	-	-	-	25,028,936	-
36	OTHER (NET)	13,541,550	9,205,538	12,556,315	-	11,268,232
37	TOTAL FUNDS APPLIED	$ 96,687,718	$ 95,982,829	$ 55,886,186	$ 67,277,408	$ 42,467,941

ORANGE AND ROCKLAND UTILITIES, INC
COMPARATIVE STATEMENTS OF INCOME AND RETAINED EARNINGS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
GAS OPERATING INCOME						
OPERATING REVENUES	$ 109,704,031	$ 127,683,125	$ 137,930,444	$ 141,702,426	$ 150,512,412	1
OPERATION AND MAINTENANCE EXPENSE	81,975,365	98,613,757	109,658,519	111,552,848	126,438,224	2
DEPRECIATION EXPENSE	4,209,206	3,936,833	4,321,868	4,648,470	3,941,455	3
AMORTIZATION	895,454	2,378,599	944,238	750,507	142,788	4
TAXES OTHER THAN INCOME TAXES	12,372,687	12,720,099	12,849,060	12,816,864	11,477,013	5
INCOME TAXES	3,891,381	6,554,179	2,698,143	961,521-	3,455,693	6
PROVISION FOR DEFERRED INCOME TAXES	329,725	2,248,300	2,446,800	6,986,237	1,798,600	7
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	1,081,691-	4,878,848-	1,757,883-	2,004,931-	2,859,485-	8
MISC. ADJUSTMENTS OF INCOME TAXES	-	-	-	-	-	9
GAINS FROM DISPOSITION OF UTILITY PLT	-	-	-	-	-	10
LOSSES FROM DISPOSITION OF UTILITY PLT	-	-	-	-	-	11
TOTAL OPERATING EXPENSES	102,592,127	121,572,919	131,160,745	133,788,474	144,394,288	12
NET OPERATING REVENUES	7,111,904	6,110,206	6,769,699	7,913,952	6,118,124	13
INC. - LEASED PLT. & OTHER OPER. INC.	-	-	-	-	-	14
GAS OPERATING INCOME	7,111,904	6,110,206	6,769,699	7,913,952	6,118,124	15
OTHER UTILITY OPERATING INCOME	46,430,086	40,233,810	41,274,560	41,571,111	39,307,741	16
TOTAL UTILITY OPERATING INCOME	53,541,990	46,344,016	48,044,259	49,485,063	45,425,865	17
OTHER INCOME						
MERCH., JOBBING AND CONTRACT WORK	-	-	-	-	-	18
INCOME FROM NONUTILITY OPERATIONS	-	-	-	-	-	19
NONOPERATING RENTAL INCOME	1,071	302	11,619-	649	1,302-	20
EQUITY IN EARNINGS OF SUBSIDIARY CO'S	2,941,237	4,914,831	4,040,253	1,576,332	4,463,012	21
INTEREST AND DIVIDEND INCOME	1,655,161	272,190	669,188	698,881	2,164,583	22
ALLOWANCE FOR CONSTRUCTION FUNDS	5,983,270	9,351,230	1,643,130	3,389,108	2,698,415	23
MISCELLANEOUS NONOPERATING INCOME	95,317-	175,483-	170,186-	90,622-	169,783-	24
GAIN ON DISPOSITION OF PROPERTY	1	132,645	204,834	20,710	58,134	25
TOTAL OTHER INCOME	10,485,423	14,495,715	6,375,600	5,595,058	9,213,059	26
TOTAL INCOME	64,027,413	60,839,731	54,419,859	55,080,121	54,638,924	27
INCOME DEDUCTIONS						
TAXES OTHER THAN INC. TAXES-NONOPERATING	38,819	34,927	36,066	29,249	24,487	28
INCOME TAXES-NONOPERATING	2,711,640-	2,832,867-	1,434,944-	2,893,783-	676,475-	29
LOSS ON DISPOSITION OF PROPERTY	5,893	530	43	-	875	30
MISCELLANEOUS AMORTIZATION	-	-	-	-	-	31
MISCELLANEOUS INCOME DEDUCTIONS	539,631	632,869	439,908	317,562	378,755	32
TOTAL INCOME DEDUCTIONS	2,127,297-	2,164,541-	958,927-	2,546,972-	272,358-	33
INCOME BEFORE INTEREST CHARGES	66,154,710	63,004,272	55,378,786	57,627,093	54,911,282	34
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	22,119,122	22,119,959	14,157,366	17,297,740	16,692,331	35
AMORT. OF DEBT DISCOUNT + EXPENSE	234,479	234,376	179,753	362,757	348,127	36
AMORT. OF PREMIUM ON DEBT-CREDIT	46,369-	46,370-	46,369-	46,369-	50,535-	37
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	38
OTHER INTEREST EXPENSE	2,943,194	288,210-	1,330,736	1,294,074	1,819,812	39
TOTAL INTEREST CHARGES	25,250,426	22,019,755	15,621,486	18,908,202	18,809,735	40
INCOME BEFORE EXTRAORDINARY ITEMS	40,904,284	40,984,517	39,757,300	38,718,891	36,101,547	41
EXTRAORDINARY ITEMS - NET	-	-	-	-	-	42
NET INCOME	$ 40,904,284	$ 40,984,517	$ 39,757,300	$ 38,718,891	$ 36,101,547	43
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 71,319,465	$ 66,807,220	$ 64,858,456	$ 55,842,734	$ 49,992,452	44
BALANCE TRANSFERRED FROM INCOME	37,963,047	36,069,686	35,717,047	37,926,559	32,422,535	45
APPROPRIATIONS	-	-	-	-	-	46
DIVIDENDS DECLARED-PREFERRED STOCK	3,941,363	4,281,253	4,284,360	4,287,709	4,290,048	47
-COMMON STOCK	27,786,584	27,276,188	26,386,024	24,623,128	22,282,205	48
ADJUSTMENTS	-	-	3,097,899-	-	-	49
BALANCE END OF YEAR	77,554,565	71,319,465	66,807,220	64,858,456	55,842,734	50
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	51
UNDISTRIBUTED SUBSIDIARY EARNINGS	42,856,785	39,915,548	35,000,717	30,960,464	30,168,132	52
TOTAL END OF YEAR	$ 120,411,350	$ 111,235,013	$ 101,807,937	$ 95,818,920	$ 86,010,866	53
SELECTED INCOME ACCOUNT RELATIONSHIPS						
GAS OPERATING REVENUES						
% OF TOTAL OPERATING REVENUES	26.5	30.0	28.9	28.3	31.0	54
NET INCOME-PERCENT OF OPERATING REVENUES	9.8	9.6	8.3	7.7	7.4	55
PRETAX COVERAGE OF INTEREST CHARGES	3.4	3.9	5.3	4.5	4.2	56
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	75.1	74.3	74.3	71.5	70.0	57
RETURN ON COMMON EQUITY	13.2	13.6	13.5	13.7	13.6	58

ORANGE AND ROCKLAND UTILITIES, INC
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	REVENUES:					
1	RESIDENTIAL	$ 72,057,820	$ 79,482,699	$ 76,442,814	$ 76,294,341	$ 85,964,587
2	COMMERCIAL AND INDUSTRIAL	33,056,236	42,859,825	57,307,389	61,582,662	61,195,026
3	OTHER SALES TO PUBLIC AUTHORITIES	-	-	-	-	-
4	INTERDEPARTMENTAL	70,687	59,220	71,395	95,380	98,773
5	TOTAL REVENUES - ULTIMATE CONSUMERS	105,184,743	122,401,744	133,821,598	137,972,383	147,258,386
6	RESALE	2,136,149	2,657,157	2,913,077	2,498,445	2,875,650
7	TOTAL REVENUES FROM SALES OF GAS	107,320,892	125,058,901	136,734,675	140,470,828	150,134,036
8	OTHER GAS OPERATING REVENUES	2,383,139	2,624,224	1,195,769	1,231,598	378,376
9	TOTAL GAS OPERATING REVENUES	$ 109,704,031	$ 127,683,125	$ 137,930,444	$ 141,702,426	$ 150,512,412
	GAS SALES (MCF):					
10	RESIDENTIAL	12,780,979	12,534,708	11,999,266	12,231,490	11,937,992
11	COMMERCIAL AND INDUSTRIAL	6,349,789	7,786,996	10,285,685	10,984,027	10,009,024
12	OTHER SALES TO PUBLIC AUTHORITIES	-	-	-	-	-
13	INTERDEPARTMENTAL	18,568	14,496	16,112	22,167	20,178
14	TOTAL SALES TO ULTIMATE CONSUMERS	19,149,336	20,336,200	22,301,063	23,237,684	21,967,194
15	RESALE	707,143	712,671	636,129	607,364	591,690
16	TOTAL GAS SALES	19,856,479	21,048,871	22,937,192	23,845,048	22,558,884
	CUSTOMERS - AVERAGE PER MONTH:					
17	RESIDENTIAL	89,791	87,738	85,817	83,946	82,569
18	COMMERCIAL AND INDUSTRIAL	8,375	7,969	7,623	7,289	7,021
19	OTHER SALES TO PUBLIC AUTHORITIES	-	-	-	-	-
20	INTERDEPARTMENTAL	1	1	1	1	1
21	TOTAL ULTIMATE CONSUMERS	98,167	95,708	93,441	91,236	89,591
22	RESALE	2	2	2	2	2
23	TOTAL CUSTOMERS	98,169	95,710	93,443	91,238	89,593

GAS OPERATING REVENUE RELATIONSHIPS

LINE NO	ITEM	1987	1986	1985	1984	1983
	RESIDENTIAL SALES					
24	AVERAGE ANNUAL BILL PER CUSTOMER	$ 802.51	$ 905.91	$ 890.77	$ 908.85	$1,041.12
25	AVERAGE MCF CONSUMPTION PER CUSTOMER	142	143	140	146	145
26	AVERAGE REVENUE PER MCF SOLD	$ 5.64	$ 6.34	$ 6.37	$ 6.24	$ 7.20
	COMMERCIAL AND INDUSTRIAL SALES					
27	AVERAGE ANNUAL BILL PER CUSTOMER	$ 3,947.01	$ 5,378.32	$ 7,517.70	$ 8,448.71	$ 8,716.00
28	AVERAGE MCF CONSUMPTION PER CUSTOMER	758	977	1,349	1,507	1,426
29	AVERAGE REVENUE PER MCF SOLD	$ 5.21	$ 5.50	$ 5.57	$ 5.61	$ 6.11

GAS OPERATION AND MAINTENANCE EXPENSES

LINE NO	ITEM	1987	1986	1985	1984	1983
	PRODUCTION EXPENSES:					
	MANUFACTURED GAS					
30	STEAM	-	-	-	-	-
31	MANUFACTURED GAS	493,039	473,935	599,887	363,898	439,128
	NATURAL GAS					
32	PRODUCTION AND GATHERING	-	-	-	-	-
33	EXPLORATION AND DEVELOPMENT					
	OTHER GAS SUPPLY EXPENSES					
34	PURCHASED GAS	94,302,798	80,290,660	132,414,337	148,737,918	157,301,505
35	OTHER	37,061,929-	6,720,285-	48,977,722-	56,270,594-	49,284,820-
36	TOTAL PRODUCTION EXPENSE	57,733,908	74,044,310	84,036,502	92,831,222	108,455,813
	NATURAL GAS STORAGE EXPENSES					
37	UNDERGROUND STORAGE EXPENSES	1,429,154	1,517,174	1,762,238	1,777,650	1,777,650
38	OTHER STORAGE EXPENSES	-	-	-	-	-
39	TOTAL NATURAL GAS STORAGE EXPENSE	1,429,154	1,517,174	1,762,238	1,777,650	1,777,650
40	TRANSMISSION EXPENSES	4,439,696	5,525,505	7,770,495	1,858,654	1,461,683
41	DISTRIBUTION EXPENSES	7,786,514	7,211,453	6,870,823	6,760,720	6,832,054
42	CUSTOMER ACCOUNTS EXPENSES	2,322,507	2,454,915	2,156,535	2,249,218	2,089,393
43	SALES EXPENSES	470,871	497,338	513,696	396,454	299,320
44	ADMINISTRATIVE AND GENERAL EXPENSES	7,792,715	7,363,062	6,548,230	5,678,930	5,522,311
45	TOTAL O & M EXPENSES	$ 81,975,365	$ 98,613,757	$ 109,658,519	$ 111,552,848	$ 126,438,224

ORANGE AND ROCKLAND UTILITIES, INC.
DISTRIBUTION OF GAS REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
REVENUES	$ 109,704,031	$ 127,683,125	$ 137,930,444	$ 141,702,426	$ 150,512,412	1
SALES (MCF)	19,856,479	21,048,871	22,937,192	23,845,048	22,558,884	2
			DOLLAR AMOUNTS			
PURCHASED GAS & OTHER SUPPLY EXPENSE	$ 57,240,869	$ 73,570,375	$ 83,436,615	$ 92,467,324	$ 108,016,685	3
WAGES AND BENEFITS	12,519,923	11,717,467	11,376,173	10,481,699	10,181,182	4
OTHER OPERATION AND MAINTENANCE EXPENSES	12,214,573	13,325,915	14,845,731	8,603,825	8,240,357	5
DEPRECIATION AND AMORTIZATION EXPENSES	5,104,660	6,315,432	5,266,106	5,398,977	4,084,243	6
INCOME TAXES - OPERATING	3,139,415	3,923,631	3,387,060	4,019,785	2,394,808	7
OTHER TAXES - OPERATING	12,372,687	12,720,099	12,849,060	12,816,864	11,477,013	8
*INTEREST CHARGES **	3,233,509	2,105,172	3,145,778	3,260,977	2,856,108	9
*PREFERRED DIVIDENDS **	591,342	709,661	771,994	764,856	780,254	10
EARNINGS AVAILABLE FOR COMMON EQUITY	3,287,055	3,295,373	2,851,927	3,888,119	2,481,762	11
TOTAL	$ 109,704,031	$ 127,683,125	$ 137,930,444	$ 141,702,426	$ 150,512,412	12
			PERCENT OF REVENUES			
PURCHASED GAS & OTHER SUPPLY EXPENSE	52.2	57.6	60.5	65.3	71.8	13
WAGES AND BENEFITS	11.4	9.2	8.2	7.4	6.8	14
OTHER OPERATION AND MAINTENANCE EXPENSES	11.1	10.4	10.8	6.1	5.5	15
DEPRECIATION AND AMORTIZATION EXPENSES	4.7	4.9	3.8	3.8	2.7	16
INCOME TAXES - OPERATING	2.9	3.1	2.5	2.8	1.6	17
OTHER TAXES - OPERATING	11.3	10.0	9.3	9.0	7.6	18
*INTEREST CHARGES **	2.9	1.6	2.3	2.3	1.9	19
*PREFERRED DIVIDENDS **	0.5	0.6	0.6	0.5	0.5	20
EARNINGS AVAILABLE FOR COMMON EQUITY	3.0	2.6	2.1	2.7	1.6	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
			DOLLARS PER MCF			
PURCHASED GAS & OTHER SUPPLY EXPENSE	$ 2.88	$ 3.50	$ 3.64	$ 3.88	$ 4.79	23
WAGES AND BENEFITS	0.63	0.56	0.50	0.44	0.45	24
OTHER OPERATION AND MAINTENANCE EXPENSES	0.62	0.63	0.65	0.36	0.37	25
DEPRECIATION AND AMORTIZATION EXPENSES	0.26	0.30	0.23	0.23	0.18	26
INCOME TAXES - OPERATING	0.16	0.19	0.15	0.17	0.11	27
OTHER TAXES - OPERATING	0.62	0.60	0.56	0.54	0.51	28
*INTEREST CHARGES **	0.16	0.10	0.14	0.14	0.13	29
*PREFERRED DIVIDENDS **	0.03	0.03	0.03	0.03	0.03	30
EARNINGS AVAILABLE FOR COMMON EQUITY	0.17	0.16	0.12	0.16	0.11	31
TOTAL	$ 5.52	$ 6.07	$ 6.01	$ 5.94	$ 6.67	32
*STARRED ITEMS ARE ALLOCATED TO GAS OPERATIONS BASED ON THE RATIO OF NET GAS PLANT TO NET TOTAL PLANT LESS NET COMMON PLANT AT DECEMBER 31- STATED AS PERCENTS	15.28	16.35	18.07	17.85	18.26	33

** NET OF AFC.

ROCHESTER GAS AND ELECTRIC CORPORATION
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF GAS PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	GAS UTILITY PLANT	$ 262,315,848	$ 249,504,986	$ 238,156,047	$ 227,954,897	$ 218,586,695
2	ACCUM. PROV. FOR DEPR. AND AMORT	81,166,804	75,363,313	70,093,929	65,107,550	60,445,848
3	NET GAS UTILITY PLANT	181,149,044	174,141,673	168,062,118	162,847,347	158,140,847
4	OTHER UTILITY PLANT	1,800,339,648	2,091,019,064	1,918,953,404	1,720,751,009	1,516,747,051
5	ACCUM. PROV. FOR DEPR. AND AMORT	554,570,068	541,643,808	506,165,727	465,023,098	425,834,997
6	NET OTHER UTILITY PLANT	1,245,769,580	1,549,375,256	1,412,787,677	1,255,727,911	1,090,912,054
7	TOTAL UTILITY PLANT	2,062,655,496	2,340,524,050	2,157,109,451	1,948,705,906	1,735,333,746
8	ACCUM. PROV. FOR DEPR. AND AMORT	635,736,872	617,007,121	576,259,656	530,130,648	486,280,845
9	NET TOTAL UTILITY PLANT	1,426,918,624	1,723,516,929	1,580,849,795	1,418,575,258	1,249,052,901
10	NONUTILITY PROPERTY LESS ACCUM. PROV. FOR DEPR. AND AMORT	27,371	27,371	27,371	27,371	27,371
11	INVESTMENT IN ASSOCIATED COMPANIES	-	-	-	-	-
12	INVESTMENT IN SUBSIDIARY COMPANIES	2,078,758	2,237,100	2,237,100	2,237,100	2,237,100
13	OTHER INVESTMENTS	290,759	290,759	290,759	298,759	116,656
14	SPECIAL FUNDS	-	-	-	-	-
15	TOTAL OTHER PROPERTY AND INVESTMENTS	2,396,888	2,555,230	2,555,230	2,563,230	2,381,127
16	CASH	685,718	1,363,403	1,154,964	903,611	1,701,468
17	SPECIAL DEPOSITS	98,118	41,000	5,463,259	8,969,494	1,169,155
18	WORKING FUNDS	73,059	114,799	72,079	66,029	233,271
19	TEMPORARY CASH INVESTMENTS	59,329,167	2,300,000	39,798,414	38,545,798	21,499,861
20	NOTES & ACCTS. RECEIVABLE LESS ACCUM. PROV. FOR UNCOLLECTIBLE ACCOUNTS	94,059,745	54,388,776	66,308,759	67,572,961	72,406,539
21	RECEIVABLES - ASSOCIATED COMPANIES	-	-	-	-	-
22	MATERIALS AND SUPPLIES	20,251,047	24,222,370	21,013,566	26,879,942	28,873,396
23	GAS STORED UNDERGROUND - CURRENT	-	-	-	-	-
24	LIQUEFIED NATURAL GAS IN STORAGE	-	-	-	-	-
25	PREPAYMENTS	9,602,409	11,322,946	10,186,115	8,098,717	9,656,541
26	OTHER CURRENT AND ACCRUED ASSETS	249,340	66,312	183,744	64,591	184,798
27	TOTAL CURRENT AND ACCRUED ASSETS	184,349,603	93,819,606	144,180,900	151,101,143	135,725,029
28	UNAMORTIZED DEBT EXPENSE	14,678,074	12,022,078	9,081,381	8,000,189	7,293,542
29	EXTRAORDINARY PROPERTY LOSSES	17,543,508	42,576,501	48,116,001	34,479,446	37,379,391
30	PREL. SURVEY & INVESTIGATION CHARGES	650,781	1,499,151	1,705,398	1,088,688	1,698,130
31	CLEARING ACCOUNTS	-	-	-	-	-
32	DEFERRED LOSSES - DISP. OF UTILITY PLANT	-	-	-	-	-
33	RESEARCH AND DEVELOPEMENT	224,012	422,953	52,535-	2,063,209	4,779,231
34	ACCUM. DEFERRED INCOME TAXES	64,013,540	10,424,822	9,912,541	14,699,384	15,045,009
35	OTHER DEFERRED DEBITS	93,499,203	40,801,785	13,513,143	1,396,146	24,983,673
36	TOTAL DEFERRED DEBITS	190,609,118	107,747,290	82,275,929	61,727,062	91,178,976
37	TOTAL ASSETS AND OTHER DEBITS	$ 1,804,274,233	$ 1,927,639,055	$ 1,809,861,854	$ 1,633,966,693	$ 1,478,338,033
	GAS UTILITY PLANT*					
38	INTANGIBLE PLANT	$ 3,855	$ 3,855	$ 3,855	$ 3,855	$ 3,855
	PRODUCTION PLANT					
39	MANUFACTURED GAS PLANT	-	-	-	-	-
40	NATURAL GAS PLANT	145,126	143,184	138,494	151,871	150,651
41	NATURAL GAS STORAGE PLANT					
42	UNDERGROUND STORAGE PLANT	-	-	-	-	-
43	OTHER STORAGE PLANT	-	-	-	-	-
44	TRANSMISSION PLANT	-	-	-	-	-
45	DISTRIBUTION PLANT	256,683,091	242,795,218	232,086,909	221,128,106	210,221,832
46	GENERAL PLANT	1,996,098	1,966,670	1,837,948	2,389,343	2,145,131
47	GAS PLANT PURCHASED OR SOLD	-	-	-	-	-
48	EXPERIMENTAL GAS PLANT UNCLASSIFIED	-	-	-	-	-
49	GAS STORED UNDERGROUND NON-CURRENT	-	-	-	-	-
50	TOTAL GAS PLANT IN SERVICE	258,828,170	244,908,927	234,067,206	223,673,175	212,521,469
51	PLANT LEASED TO OTHERS	-	-	-	-	-
52	PLANT HELD FOR FUTURE USE	-	-	-	-	-
53	CONSTRUCTION WORK IN PROGRESS	3,487,679	4,596,059	4,088,841	4,281,722	6,065,226
54	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
55	TOTAL GAS UTILITY PLANT	262,315,848	249,504,986	238,156,047	227,954,897	218,586,695
56	ACCUM. PROV. FOR DEPR. AND AMORT.	81,166,804	75,363,313	70,093,929	65,107,550	60,445,848
57	NET GAS UTILITY PLANT	181,149,044	174,141,673	168,062,118	162,847,347	158,140,847
	PLANT IN SERVICE:					
58	BEGINNING OF YEAR	244,908,927	234,067,206	223,673,175	212,521,469	203,202,020
59	ADDITIONS	15,059,239	12,267,766	11,957,762	12,704,403	9,981,382
60	RETIREMENTS	1,139,996	1,422,395	927,871	1,548,730	717,760
61	TRANSFERS AND ADJUSTMENTS	-	3,650-	635,860-	3,967-	55,827
62	END OF YEAR	$ 258,828,169	$ 244,908,927	$ 234,067,206	$ 223,673,175	$ 212,521,469

*EXCLUDES ALLOCATION OF COMMON PLANT

ROCHESTER GAS AND ELECTRIC CORPORATION
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
		LIABILITIES AND OTHER CREDITS				
COMMON STOCK ISSUED	$ 150,606,875	$ 146,235,435	$ 142,484,495	$ 128,382,435	$ 122,032,115	1
PREFERRED STOCK ISSUED	118,609,000	112,110,000	114,547,500	144,187,500	144,187,500	2
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	3
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	4
PREMIUM ON CAPITAL STOCK	357,549,355	345,652,805	330,575,694	287,771,904	274,591,452	5
OTHER PAID-IN CAPITAL	379,796	341,284	376,357	102,139	102,139	6
INSTALLMENTS REC'D ON CAPITAL STOCK	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	14,517,902-	12,525,240-	12,359,142-	11,340,117-	11,466,987-	8
RETAINED EARNINGS	17,775,280	249,505,014	216,794,787	179,675,826	153,142,070	9
UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS	158,342-	-	-	-	-	10
REACQUIRED CAPITAL STOCK	-	-	-	-	-	11
TOTAL PROPRIETARY CAPITAL	630,244,062	841,319,298	792,419,691	728,779,687	682,588,289	12
BONDS (LESS BONDS REACQUIRED)	706,000,000	698,750,000	676,500,000	636,500,000	611,500,000	13
ADVANCES FROM ASSOCIATED COMPANIES	-	-	-	-	-	14
OTHER LONG-TERM DEBT	141,900,000	91,900,000	91,900,000	51,700,000	-	15
NET UNAMORTIZED PREMIUM + DISCOUNT	175,433	181,608	139,341-	181,583-	217,792-	16
TOTAL LONG TERM DEBT	848,075,433	790,831,608	768,260,659	688,018,417	611,282,208	17
NOTES PAYABLE	-	18,000,000	-	-	-	18
ACCOUNTS PAYABLE	31,573,161	26,618,322	44,268,476	43,472,318	54,134,270	19
PAYABLES TO ASSOCIATED COMPANIES	-	-	-	-	-	20
CUSTOMER DEPOSITS	2,081,443	2,001,176	1,600,350	1,262,157	765,656	21
TAXES ACCRUED	3,422,738	3,681,967-	1,299,052	7,308,458	4,501,420	22
INTEREST ACCRUED	15,922,012	14,235,797	14,584,970	13,276,409	12,862,581	23
DIVIDENDS DECLARED	13,296,791	18,069,593	17,718,413	16,849,210	59,923	24
TAX COLLECTIONS PAYABLE	1,495,172	1,524,957	1,480,388	1,199,983	1,234,167	25
OTHER CURRENT AND ACCRUED LIABILITIES	15,359,713	11,065,824	7,958,557	7,064,370	7,254,679	26
TOTAL CURRENT AND ACCRUED LIABILITIES	83,151,030	87,833,702	88,910,206	90,432,905	80,812,696	27
CUSTOMER ADVANCES FOR CONSTRUCTION	-	-	-	-	2,000	28
DEFERRED GAINS FROM DISPOSITION OF UTILITY PLANT	-	-	-	-	-	29
ACCUM. DEFERRED INVESTMENT TAX CREDITS	68,136,923	86,156,106	76,011,458	66,052,852	37,241,053	30
OTHER DEFERRED CREDITS	90,892,154	46,494,416	22,453,671	11,562,502	16,671,812	31
ACCUMULATED DEFERRED INCOME TAXES:						
ACCELERATED AMORTIZATION	-	-	-	-	-	32
LIBERALIZED DEPRECIATION	77,949,095	52,402,121	41,178,286	33,009,605	24,052,649	33
OTHER	4,811,537	21,279,534	19,325,619	14,704,522	24,522,940	34
TOTAL DEFERRED CREDITS	241,789,709	206,332,177	158,969,034	125,329,481	102,490,454	35
PROPERTY INSURANCE RESERVE	1,013,999	758,845	463,115	288,583	104,472	36
INJURIES AND DAMAGE RESERVES	-	563,425	839,149	1,117,620	1,059,914	37
PENSION AND BENEFITS RESERVE	-	-	-	-	-	38
MISCELLANEOUS OPERATING RESERVES	-	-	-	-	-	39
TOTAL OPERATING RESERVES	1,013,999	1,322,270	1,302,264	1,406,203	1,164,386	40
TOTAL LIABILITIES AND OTHER CREDITS	$ 1,804,274,233	$ 1,927,639,055	$ 1,809,861,854	$ 1,633,966,693	$ 1,478,338,033	41
		SELECTED BALANCE SHEET RELATIONSHIPS				
CURRENT ASSETS / BY CURRENT LIABILITIES	2.22	1.07	1.62	1.67	1.68	42
PERCENT OF CAPITALIZATION:						
LONG-TERM DEBT	57.3	48.4	49.2	48.5	47.2	43
PREFERRED STOCK	8.0	6.8	7.3	10.1	11.1	44
COMMON STOCK AND OTHER PAID-IN CAPITAL	33.4	29.3	29.5	28.5	29.7	45
RETAINED EARNINGS	1.2	15.2	13.8	12.6	11.8	46
LONG-TERM DEBT: % OF GROSS UTILITY PLANT	41.1	33.7	35.6	35.3	35.2	47
ACCUM. PROV. FOR DEPR.: % OF UTILITY PLT	30.8	26.3	26.7	27.2	28.0	48

ROCHESTER GAS AND ELECTRIC CORPORATION
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO		1987	1986	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL					
1	NET INCOME	$ 93,287,770	$ 104,518,847	$ 108,468,481	$ 103,618,097	$ 86,247,835
2	DEPRECIATION AND AMORTIZATION	77,681,377	72,032,195	65,849,396	59,294,449	57,795,965
3	DEFERRED INCOME TAXES - NET	11,871,075	22,810,117	27,535,227	28,203,456	22,460,219
4	INTEREST CAPITALIZED	29,825,491-	44,805,668-	52,732,548-	46,522,889-	36,091,814-
5	OTHER (NET)	6,464,060-	3,580,839	9,281,421-	11,390,108	17,274,526
6	SUBTOTAL	146,550,671	158,136,330	139,839,135	155,983,221	147,686,731
7	EXTRAORDINARY ITEMS	262,000,000-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	115,449,329-	158,136,330	139,839,135	155,983,221	147,686,731
9	LESS DIVIDENDS PREFERRED	8,146,869	8,057,705	9,467,448	12,212,814	10,514,708
10	COMMON	55,028,977	63,750,915	61,882,072	64,871,527	42,390,076
11	NET FUNDS - INTERNAL SOURCES	178,625,175-	86,327,710	68,489,615	78,898,880	94,781,947
	EXTERNAL					
12	LONG TERM DEBT	75,000,000	75,000,000	50,000,000	25,000,000	100,000,000
13	PREFERRED STOCK	30,000,000	-	-	-	-
14	COMMON STOCK	16,267,990	18,828,051	56,905,850	19,530,772	42,939,080
15	NET INCREASE IN SHORT TERM DEBT	-	-	-	-	-
16	OTHER (NET)	63,761,066	17,964,927	40,474,218	51,700,000	102,139
17	TOTAL FUNDS - EXTERNAL SOURCES	185,029,056	111,792,978	147,380,068	96,230,772	143,041,219
	OTHER SOURCES					
18	NET DECREASE IN WORKING CAPITAL	-	30,672,948	9,237,490	-	1,594,066
19	OTHER	262,000,000	-	4,640,872	10,037,160	-
20	TOTAL FUNDS PROVIDED	$ 268,403,881	$ 228,793,636	$ 229,748,045	$ 185,166,812	$ 239,417,232
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
21	GAS PLANT	$ 14,430,512	$ 13,151,629	$ 12,315,238	$ 11,434,160	$ 11,493,393
22	LIQUEFIED NATURAL GAS PLANT	-	-	-	-	-
23	NON-UTILITY	-	-	-	-	-
24	OTHER	96,829,979	195,467,993	230,525,355	214,497,110	191,558,271
25	TOTAL CONSTRUCTION	111,260,491	208,619,622	242,840,593	225,931,270	203,051,664
26	LESS INTEREST CAPITALIZED	29,825,491	44,805,668	52,732,548	46,522,889	36,091,814
27	TOTAL EXCLUDING INTEREST CAPITALIZED	81,435,000	163,813,954	190,108,045	179,408,381	166,959,850
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	67,750,000	52,750,000	10,000,000	-	29,667,000
29	PREFERRED STOCK	23,501,000	2,437,500	1,640,000	-	812,500
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	18,000,000	-	-	-	40,000,000
32	OTHER (NET)	-	-	28,000,000	-	-
34	TOTAL RETIREMENT OF SECURITIES	109,251,000	55,187,500	39,640,000	-	70,479,500
	OTHER USES					
35	NET INCREASE IN WORKING CAPITAL	77,717,881	-	-	5,758,431	-
36	OTHER (NET)	-	9,792,182	-	-	1,977,882
37	TOTAL FUNDS APPLIED	$ 268,403,881	$ 228,793,636	$ 229,748,045	$ 185,166,812	$ 239,417,232

ROCHESTER GAS AND ELECTRIC CORPORATION
COMPARATIVE STATEMENTS OF INCOME AND RETAINED EARNINGS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984 —	1983	LINE NO.
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
GAS OPERATING INCOME:						
OPERATING REVENUES	$ 216,058,239	$ 261,687,714	$ 269,561,412	$ 291,628,265	$ 276,357,535	1
OPERATION AND MAINTENANCE EXPENSE	163,069,671	203,941,451	215,229,322	228,989,362	228,120,374	2
DEPRECIATION EXPENSE	8,753,725	8,318,630	7,700,458	7,377,226	6,631,685	3
AMORTIZATION	-	-	-	-	-	4
TAXES OTHER THAN INCOME TAXES	21,365,182	23,276,317	23,116,119	23,797,637	22,187,197	5
INCOME TAXES	5,485,200	7,760,822	4,150,456	11,461,024	4,364,146	6
PROVISION FOR DEFERRED INCOME TAXES	208,450	2,606,620	4,413,170	3,789,152	3,505,106	7
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	112,520	2,593,919-	2,680,450-	5,050,940-	4,024,357-	8
MISC. ADJUSTMENTS OF INCOME TAXES	1,331,177	-	-	-	-	9
GAINS FROM DISPOSITION OF UTILITY PLT	-	-	-	-	-	10
LOSSES FROM DISPOSITION OF UTILITY PLT	-	-	-	-	-	11
TOTAL OPERATING EXPENSES	200,325,925	243,309,921	251,929,072	270,363,461	260,784,151	12
NET OPERATING REVENUES	15,732,314	18,377,793	17,632,340	21,264,804	15,573,384	13
INC. - LEASED PLT. & OTHER OPER. INC.	-	-	-	-	-	14
GAS OPERATING INCOME	15,732,314	18,377,793	17,632,340	21,264,804	15,573,384	15
OTHER UTILITY OPERATING INCOME	106,642,233	97,443,675	101,621,686	87,799,673	83,250,976	16
TOTAL UTILITY OPERATING INCOME	122,374,547	115,821,468	119,254,026	109,064,477	98,824,360	17
OTHER INCOME:						
MERCH., JOBBING AND CONTRACT WORK	-	-	397-	-	1,320	18
INCOME FROM NONUTILITY OPERATIONS	-	-	-	-	-	19
NONOPERATING RENTAL INCOME	-	-	-	-	15,329	20
EQUITY IN EARNINGS OF SUBSIDIARY CO'S	158,342-	-	-	-	-	21
INTEREST AND DIVIDEND INCOME	3,000,423	1,456,100	5,099,936	2,637,144	2,394,727	22
ALLOWANCE FOR CONSTRUCTION FUNDS	29,825,491	44,805,667	52,732,548	46,522,889	36,091,814	23
MISCELLANEOUS NONOPERATING INCOME	6,343,750	5,344,106	306,575-	1,158,391-	332,095	24
GAIN ON DISPOSITION OF PROPERTY	651,609	461,281	10,665	24,083	15,270	25
TOTAL OTHER INCOME	39,662,931	52,067,154	57,536,177	48,025,725	38,850,555	26
TOTAL INCOME	162,037,478	167,888,622	176,790,203	157,090,202	137,674,915	27
INCOME DEDUCTIONS:						
TAXES OTHER THAN INC. TAXES-NONOPERATING	62,205	27,471	70,541	83,082	122,988	28
INCOME TAXES-NONOPERATING	8,559,622-	13,880,533-	13,344,232-	13,355,508-	9,724,205-	29
LOSS ON DISPOSITION OF PROPERTY	360,579	-	8,177,216	-	-	30
MISCELLANEOUS AMORTIZATION	-	-	283,684	378,420	378,420	31
MISCELLANEOUS INCOME DEDUCTIONS	583,246	509,336	534,325	779,774	904,566	32
TOTAL INCOME DEDUCTIONS	7,553,592-	13,343,726-	4,278,466-	12,114,232-	8,318,231-	33
INCOME BEFORE INTEREST CHARGES	169,591,070	181,232,348	181,068,669	169,204,434	145,993,146	34
INTEREST CHARGES:						
INTEREST ON LONG-TERM DEBT	73,489,016	74,570,833	70,372,960	63,103,083	56,760,888	35
AMORT. OF DEBT DISCOUNT + EXPENSE	1,845,569	1,147,134	833,145	750,366	670,573	36
AMORT. OF PREMIUM ON DEBT-CREDIT	31,389-	32,411-	33,617-	39,651-	39,651-	37
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	38
OTHER INTEREST EXPENSE	1,000,104	1,027,945	1,427,700	1,772,539	2,353,501	39
TOTAL INTEREST CHARGES	76,303,300	76,713,501	72,600,188	65,586,337	59,745,311	40
INCOME BEFORE EXTRAORDINARY ITEMS	93,287,770	104,518,847	108,468,481	103,618,097	86,247,835	41
EXTRAORDINARY ITEMS - NET	262,000,000-	-	-	-	-	42
NET INCOME	$ 168,712,230-	$ 104,518,847	$ 108,468,481	$ 103,618,097	$ 86,247,835	43
RETAINED EARNINGS:						
BEGINNING OF YEAR	$ 249,462,667	$ 216,752,440	$ 179,633,479	$ 153,099,723	$ 119,756,672	44
BALANCE TRANSFERRED FROM INCOME	168,553,888-	104,518,847	108,468,481	103,618,097	86,247,835	45
APPROPRIATIONS	-	-	-	-	-	46
DIVIDENDS DECLARED-PREFERRED STOCK	8,146,859	8,057,705	9,467,448	12,212,814	10,514,708	47
-COMMON STOCK	55,028,977	63,750,915	61,882,072	64,871,527	42,390,076	48
ADJUSTMENTS	-	-	-	-	-	49
BALANCE END OF YEAR	17,732,933	249,462,667	216,752,440	179,633,479	153,099,723	50
APPROPRIATED RETAINED EARNINGS	42,347	42,347	42,347	42,347	42,347	51
UNDISTRIBUTED SUBSIDIARY EARNINGS	158,342-	-	-	-	-	52
TOTAL END OF YEAR	$ 17,616,938	$ 249,505,014	$ 216,794,787	$ 179,675,826	$ 153,142,070	53
SELECTED INCOME ACCOUNT RELATIONSHIPS						
GAS OPERATING REVENUES						
% OF TOTAL OPERATING REVENUES	29.5	34.9	35.6	37.2	36.5	54
NET INCOME-PERCENT OF OPERATING REVENUES	12.8*	13.9	14.3	13.2	11.4	55
PRETAX COVERAGE OF INTEREST CHARGES	2.8	3.0	3.1	3.3	2.9	56
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	64.6*	66.0	62.5	70.9	55.9	57
RETURN ON COMMON EQUITY	13.7*	13.7	15.6	16.2	15.1	58

*Ratios shown here are based on what the income would have been before the Nine-Mile 2 Plant write-off. See the Table "NINE-MILE 2 AND OTHER WRITE-OFFS" in the Electric Narrative Section for the impact on Net Income.

ROCHESTER GAS AND ELECTRIC CORPORATION
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	REVENUES:					
1	RESIDENTIAL	$ 144,987,907	$ 163,813,877	$ 161,681,945	$ 171,651,153	$ 162,077,679
2	COMMERCIAL AND INDUSTRIAL	54,153,186	81,452,784	92,404,913	103,035,557	98,187,680
3	OTHER SALES TO PUBLIC AUTHORITIES	8,927,906	12,679,542	13,525,500	15,145,053	14,335,779
4	INTERDEPARTMENTAL	-	-	-	-	-
5	TOTAL REVENUES - ULTIMATE CONSUMERS	208,068,999	257,946,203	267,612,358	289,831,763	274,601,138
6	RESALE	-	-	-	-	-
7	TOTAL REVENUES FROM SALES OF GAS	208,068,999	257,946,203	267,612,358	289,831,763	274,601,138
8	OTHER GAS OPERATING REVENUES	7,989,240	3,741,511	1,949,054	1,796,502	1,756,397
9	TOTAL GAS OPERATING REVENUES	$ 216,058,239	$ 261,687,714	$ 269,561,412	$ 291,628,265	$ 276,357,535
	GAS SALES (MCF):					
10	RESIDENTIAL	24,769,244	25,649,334	25,095,260	26,804,194	23,809,774
11	COMMERCIAL AND INDUSTRIAL	10,221,154	14,498,589	16,574,683	18,058,057	16,671,569
12	OTHER SALES TO PUBLIC AUTHORITIES	1,747,560	2,270,191	2,426,544	2,620,492	2,399,644
13	INTERDEPARTMENTAL	-	-	-	-	-
14	TOTAL SALES TO ULTIMATE CONSUMERS	36,737,959	42,418,115	44,096,487	46,482,744	42,880,988
15	RESALE	-	-	-	-	-
16	TOTAL GAS SALES	36,737,959	42,418,115	44,096,487	46,482,744	42,880,988
	CUSTOMERS - AVERAGE PER MONTH:					
17	RESIDENTIAL	228,858	224,709	220,908	217,583	214,578
18	COMMERCIAL AND INDUSTRIAL	17,505	16,950	16,485	16,106	15,749
19	OTHER SALES TO PUBLIC AUTHORITIES	1,017	999	978	973	972
20	INTERDEPARTMENTAL	-	-	-	-	-
21	TOTAL ULTIMATE CONSUMERS	247,380	242,658	238,371	234,662	231,299
22	RESALE	-	-	-	-	-
23	TOTAL CUSTOMERS	247,380	242,658	238,371	234,662	231,299
	GAS OPERATING REVENUE RELATIONSHIPS					
	RESIDENTIAL SALES:					
24	AVERAGE ANNUAL BILL PER CUSTOMER	$ 633.53	$ 729.00	$ 731.90	$ 788.90	$ 755.33
25	AVERAGE MCF CONSUMPTION PER CUSTOMER	108	114	114	119	111
26	AVERAGE REVENUE PER MCF SOLD	$ 5.85	$ 6.39	$ 6.44	$ 6.66	$ 6.81
	COMMERCIAL AND INDUSTRIAL SALES:					
27	AVERAGE ANNUAL BILL PER CUSTOMER	$ 3,093.58	$ 4,805.47	$ 5,605.39	$ 6,397.34	$ 6,234.53
28	AVERAGE MCF CONSUMPTION PER CUSTOMER	584	855	1,005	1,121	1,059
29	AVERAGE REVENUE PER MCF SOLD	$ 5.30	$ 5.62	$ 5.58	$ 5.71	$ 5.89
	GAS OPERATION AND MAINTENANCE EXPENSES					
	PRODUCTION EXPENSES:					
	MANUFACTURED GAS					
30	STEAM	-	-	-	-	-
31	MANUFACTURED GAS	-	-	-	-	-
	NATURAL GAS					
32	PRODUCTION AND GATHERING	6,938	4,652	6,539	6,984	5,613
33	EXPLORATION AND DEVELOPMENT					
	OTHER GAS SUPPLY EXPENSES					
34	PURCHASED GAS	122,468,319	163,235,686	180,686,557	194,875,835	196,433,834
35	OTHER	540,249-	2,150,558-	5,927,744-	7,335,849-	6,767,456-
36	TOTAL PRODUCTION EXPENSE	121,937,008	161,089,780	174,765,352	187,546,970	189,671,991
	NATURAL GAS STORAGE EXPENSES:					
37	UNDERGROUND STORAGE EXPENSES	-	-	-	-	-
38	OTHER STORAGE EXPENSES	-	-	-	-	-
39	TOTAL NATURAL GAS STORAGE EXPENSE	-	-	-	-	-
40	TRANSMISSION EXPENSES	-	-	-	-	-
41	DISTRIBUTION EXPENSES	15,266,273	14,633,786	13,572,401	13,476,074	12,870,445
42	CUSTOMER ACCOUNTS EXPENSES	6,934,695	7,609,312	7,906,794	8,611,116	8,083,889
43	SALES EXPENSES	1,488,632	1,723,018	2,177,442	2,776,798	2,473,577
44	ADMINISTRATIVE AND GENERAL EXPENSES	17,443,063	18,885,555	16,807,330	16,578,396	15,020,472
45	TOTAL O & M EXPENSES	$ 163,069,671	$ 203,941,451	$ 215,229,322	$ 228,989,362	$ 228,120,374

ROCHESTER GAS AND ELECTRIC CORPORATION
DISTRIBUTION OF GAS REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
REVENUES	$ 216,058,239	$ 261,687,714	$ 269,561,412	$ 291,628,265	$ 276,357,535	1
SALES (MCF)	36,737,959	42,418,115	44,096,487	46,482,744	42,880,988	2
			DOLLAR AMOUNTS			
PURCHASED GAS & OTHER SUPPLY EXPENSE	$ 121,928,070	$ 161,085,128	$ 174,758,813	$ 187,539,985	$ 189,666,378	3
WAGES AND BENEFITS	27,468,633	27,222,706	26,115,625	25,086,091	23,849,848	4
OTHER OPERATION AND MAINTENANCE EXPENSES	13,672,968	15,633,617	14,354,884	16,363,285	14,604,148	5
DEPRECIATION AND AMORTIZATION EXPENSES	8,753,725	8,318,630	7,700,458	7,377,226	6,631,685	6
INCOME TAXES - OPERATING	7,137,347	7,773,523	5,883,176	10,199,236	3,844,895	7
OTHER TAXES - OPERATING	21,365,182	23,276,317	23,116,119	23,797,637	22,187,197	8
*INTEREST CHARGES **	8,462,918	8,964,054	8,993,329	8,846,628	8,770,641	9
*PREFERRED DIVIDENDS **	1,073,111	836,393	1,036,454	1,444,865	1,541,988	10
EARNINGS AVAILABLE FOR COMMON EQUITY	6,196,285	8,577,346	7,602,554	10,973,311	5,260,755	11
TOTAL	$ 216,058,239	$ 261,687,714	$ 269,561,412	$ 291,628,265	$ 276,357,535	12
			PERCENT OF REVENUES			
PURCHASED GAS & OTHER SUPPLY EXPENSE	56.4	61.6	64.8	64.3	68.6	13
WAGES AND BENEFITS	12.7	10.4	9.7	8.6	8.6	14
OTHER OPERATION AND MAINTENANCE EXPENSES	6.3	6.0	5.3	5.6	5.3	15
DEPRECIATION AND AMORTIZATION EXPENSES	4.1	3.2	2.9	2.5	2.4	16
INCOME TAXES - OPERATING	3.3	3.0	2.2	3.5	1.4	17
OTHER TAXES - OPERATING	9.9	8.9	8.6	8.2	8.0	18
*INTEREST CHARGES **	3.9	3.4	3.3	3.0	3.2	19
*PREFERRED DIVIDENDS **	0.5	0.3	0.4	0.5	0.6	20
EARNINGS AVAILABLE FOR COMMON EQUITY	2.9	3.3	2.8	3.8	1.9	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
			DOLLARS PER MCF			
PURCHASED GAS & OTHER SUPPLY EXPENSE	$ 3.32	$ 3.80	$ 3.96	$ 4.03	$ 4.42	23
WAGES AND BENEFITS	0.75	0.64	0.59	0.54	0.56	24
OTHER OPERATION AND MAINTENANCE EXPENSES	0.37	0.37	0.33	0.35	0.34	25
DEPRECIATION AND AMORTIZATION EXPENSES	0.24	0.20	0.17	0.16	0.15	26
INCOME TAXES - OPERATING	0.19	0.18	0.13	0.22	0.09	27
OTHER TAXES - OPERATING	0.58	0.55	0.52	0.51	0.52	28
*INTEREST CHARGES **	0.23	0.21	0.20	0.19	0.20	29
*PREFERRED DIVIDENDS **	0.03	0.02	0.02	0.03	0.04	30
EARNINGS AVAILABLE FOR COMMON EQUITY	0.17	0.20	0.17	0.24	0.12	31
TOTAL	$ 5.88	$ 6.17	$ 6.11	$ 6.27	$ 6.44	32
*STARRED ITEMS ARE ALLOCATED TO GAS OPERATIONS BASED ON THE RATIO OF NET GAS PLANT TO NET TOTAL PLANT LESS NET COMMON PLANT AT DECEMBER 31- STATED AS PERCENTS	13.18	10.41	10.97	11.85	13.05	33

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ST. LAWRENCE GAS COMPANY, INC.
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF GAS PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO.	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	GAS UTILITY PLANT	$ 12,641,694	$ 12,372,721	$ 12,065,068	$ 11,812,242	$ 11,657,059
2	ACCUM. PROV. FOR DEPR. AND AMORT.	4,827,087	4,604,761	4,272,254	3,967,370	3,641,530
3	NET GAS UTILITY PLANT	7,814,607	7,767,960	7,792,814	7,844,872	8,015,529
4	OTHER UTILITY PLANT	-	-	-	-	-
5	ACCUM. PROV. FOR DEPR. AND AMORT.	-	-	-	-	-
6	NET OTHER UTILITY PLANT	-	-	-	-	-
7	TOTAL UTILITY PLANT	12,641,694	12,372,721	12,065,068	11,812,242	11,657,059
8	ACCUM. PROV. FOR DEPR. AND AMORT.	4,827,087	4,604,761	4,272,254	3,967,370	3,641,530
9	NET TOTAL UTILITY PLANT	7,814,607	7,767,960	7,792,814	7,844,872	8,015,529
10	NONUTILITY PROPERTY LESS ACCUM. PROV. FOR DEPR. AND AMORT.	1,436,191	1,363,817	1,281,023	1,192,538	1,120,968
11	INVESTMENT IN ASSOCIATED COMPANIES	-	-	-	-	-
12	INVESTMENT IN SUBSIDIARY COMPANIES	16,214	26,025	26,382	19,872	20,571
13	OTHER INVESTMENTS	-	-	-	-	-
14	SPECIAL FUNDS	-	-	-	-	-
15	TOTAL OTHER PROPERTY AND INVESTMENTS	1,452,405	1,389,842	1,307,405	1,212,410	1,141,539
16	CASH	182,234	335,087	367,361	773,950	58,400
17	SPECIAL DEPOSITS	1,300	1,300	1,300	1,300	1,300
18	WORKING FUNDS	2,212	2,354	2,177	2,077	2,177
19	TEMPORARY CASH INVESTMENTS	1,344,000	740,000	1,633,000	1,683,000	1,163,000
20	NOTES & ACCTS. RECEIVABLE LESS ACCUM. PROV. FOR UNCOLLECTIBLE ACCOUNTS	2,822,976	2,674,888	3,926,470	3,509,708	3,850,814
21	RECEIVABLES - ASSOCIATED COMPANIES	-	-	-	-	-
22	MATERIALS AND SUPPLIES	160,368	159,637	146,047	143,193	138,336
23	GAS STORED UNDERGROUND - CURRENT	-	-	-	-	-
24	LIQUEFIED NATURAL GAS IN STORAGE	-	-	-	-	-
25	PREPAYMENTS	253,061	253,498	206,732	187,680	186,480
26	OTHER CURRENT AND ACCRUED ASSETS	-	-	-	-	-
27	TOTAL CURRENT AND ACCRUED ASSETS	4,766,141	4,166,764	6,283,087	6,300,908	5,400,507
28	UNAMORTIZED DEBT EXPENSE	2,551	7,653	12,757	17,857	22,959
29	EXTRAORDINARY PROPERTY LOSSES	-	-	-	-	-
30	PREL. SURVEY & INVESTIGATION CHARGES	-	-	-	-	-
31	CLEARING ACCOUNTS	-	-	-	-	-
32	DEFERRED LOSSES - DISP. OF UTILITY PLANT	-	-	-	-	-
33	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
34	ACCUM. DEFERRED INCOME TAXES	152,794	193,846	236,091	390,243	252,866
35	OTHER DEFERRED DEBITS	255,891-	278,020-	247,880-	671,351-	346,727-
36	TOTAL DEFERRED DEBITS	100,546-	76,521-	968	263,251-	70,902-
37	TOTAL ASSETS AND OTHER DEBITS	$ 13,932,607	$ 13,248,045	$ 15,384,274	$ 15,094,939	$ 14,486,673
	GAS UTILITY PLANT*					
38	INTANGIBLE PLANT	$ 2,262	$ 2,262	$ 2,262	$ 2,262	$ 2,262
	PRODUCTION PLANT					
39	MANUFACTURED GAS PLANT	-	-	-	-	-
40	NATURAL GAS PLANT	-	-	-	-	-
41	NATURAL GAS STORAGE PLANT					
42	UNDERGROUND STORAGE PLANT	-	-	-	-	-
43	OTHER STORAGE PLANT	-	-	-	-	-
44	TRANSMISSION PLANT	-	-	-	-	-
45	DISTRIBUTION PLANT	11,828,422	11,598,713	11,386,269	11,182,588	11,060,146
46	GENERAL PLANT	804,563	740,486	672,602	626,123	593,558
47	GAS PLANT PURCHASED OR SOLD	-	-	-	-	-
48	EXPERIMENTAL GAS PLANT UNCLASSIFIED	-	-	-	-	-
49	GAS STORED UNDERGROUND NON-CURRENT	-	-	-	-	-
50	TOTAL GAS PLANT IN SERVICE	12,635,247	12,341,461	12,061,133	11,810,973	11,655,966
51	PLANT LEASED TO OTHERS	-	-	-	-	-
52	PLANT HELD FOR FUTURE USE	-	-	-	-	-
53	CONSTRUCTION WORK IN PROGRESS	6,447	31,260	3,935	1,269	1,093
54	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
55	TOTAL GAS UTILITY PLANT	12,641,694	12,372,721	12,065,068	11,812,242	11,657,059
56	ACCUM. PROV. FOR DEPR. AND AMORT.	4,827,087	4,604,761	4,272,254	3,967,370	3,641,530
57	NET GAS UTILITY PLANT	7,814,607	7,767,960	7,792,814	7,844,872	8,015,529
	PLANT IN SERVICE					
58	BEGINNING OF YEAR	12,341,461	12,061,133	11,810,973	11,655,966	11,446,575
59	ADDITIONS	475,663	346,424	379,823	247,367	263,851
60	RETIREMENTS	184,522	69,470	134,490	96,742	59,353
61	TRANSFERS AND ADJUSTMENTS	2,645	3,374	4,827	4,382	4,893
62	END OF YEAR	$ 12,635,247	$ 12,341,461	$ 12,061,133	$ 11,810,973	$ 11,655,966

*EXCLUDES ALLOCATION OF COMMON PLANT

ST LAWRENCE GAS COMPANY, INC
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON STOCK ISSUED	$ 4,350,000	$ 4,350,000	$ 4,350,000	$ 4,350,000	$ 4,350,000	1
PREFERRED STOCK ISSUED	-	-	-	-	-	2
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	3
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	4
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	5
OTHER PAID-IN CAPITAL	-	-	-	-	-	6
INSTALLMENTS REC'D ON CAPITAL STOCK	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	4,131,243	3,562,748	2,961,704	2,545,984	1,731,459	9
UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS	5,814-	6,003-	5,646-	2,578-	1,879-	10
REACQUIRED CAPITAL STOCK	-	-	-	-	-	11
TOTAL PROPRIETARY CAPITAL	8,475,429	7,906,745	7,306,058	6,893,406	6,079,580	12
BONDS (LESS BONDS REACQUIRED)	1,488,000	1,560,000	1,632,000	1,704,000	1,776,000	13
ADVANCES FROM ASSOCIATED COMPANIES	-	-	-	-	-	14
OTHER LONG-TERM DEBT	-	-	1,500,000	1,500,000	1,500,000	15
NET UNAMORTIZED PREMIUM + DISCOUNT	-	-	-	-	-	16
TOTAL LONG TERM DEBT	1,488,000	1,560,000	3,132,000	3,204,000	3,276,000	17
NOTES PAYABLE	-	-	-	-	-	18
ACCOUNTS PAYABLE	119,027	97,952	56,795	67,654	60,809	19
PAYABLES TO ASSOCIATED COMPANIES	2,364,592	2,258,728	3,559,159	3,555,056	3,791,236	20
CUSTOMER DEPOSITS	109,351	102,142	87,677	182,422	90,250	21
TAXES ACCRUED	35,564	51,908	61,884-	100,647	137,904	22
INTEREST ACCRUED	4,572	5,429	34,129	33,595	32,054	23
DIVIDENDS DECLARED	108,750	108,750	108,750	-	-	24
TAX COLLECTIONS PAYABLE	-	-	-	-	-	25
OTHER CURRENT AND ACCRUED LIABILITIES	55,111	52,662	59,931	60,054	75,219	26
TOTAL CURRENT AND ACCRUED LIABILITIES	2,796,967	2,677,571	3,844,557	3,999,428	4,187,472	27
CUSTOMER ADVANCES FOR CONSTRUCTION	7,900	8,270	31,392	67,592	118,818	28
DEFERRED GAINS FROM DISPOSITION OF UTILITY PLANT	-	-	-	-	-	29
ACCUM. DEFERRED INVESTMENT TAX CREDITS	304,503	318,505	314,488	290,550	264,571	30
OTHER DEFERRED CREDITS	-	-	-	-	-	31
ACCUMULATED DEFERRED INCOME TAXES						
ACCELERATED AMORTIZATION	-	-	-	-	-	32
LIBERALIZED DEPRECIATION	720,796	629,937	567,486	512,688	443,722	33
OTHER	14,104	22,523	62,857	2,275	550	34
TOTAL DEFERRED CREDITS	1,047,303	979,235	976,223	873,105	827,661	35
PROPERTY INSURANCE RESERVE	-	-	-	-	-	36
INJURIES AND DAMAGE RESERVES	125,000	125,000	125,000	125,000	115,960	37
PENSION AND BENEFITS RESERVE	92-	506-	436	-	-	38
MISCELLANEOUS OPERATING RESERVES	-	-	-	-	-	39
TOTAL OPERATING RESERVES	124,908	124,494	125,436	125,000	115,960	40
TOTAL LIABILITIES AND OTHER CREDITS	$ 13,932,607	$ 13,248,045	$ 15,384,274	$ 15,094,939	$ 14,486,673	41
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS / BY CURRENT LIABILITIES	1.70	1.56	1.63	1.58	1.29	42
PERCENT OF CAPITALIZATION						
LONG-TERM DEBT	14.9	16.4	30.0	31.7	35.0	43
PREFERRED STOCK	-	-	-	-	-	44
COMMON STOCK AND OTHER PAID-IN CAPITAL	43.6	45.8	41.6	43.0	46.4	45
RETAINED EARNINGS	41.4	37.6	28.3	25.2	18.5	46
LONG-TERM DEBT % OF GROSS UTILITY PLANT	11.7	12.6	25.9	27.1	28.1	47
ACCUM. PROV. FOR DEPR. % OF UTILITY PLT	38.1	37.2	35.4	33.5	31.2	48

ST. LAWRENCE GAS COMPANY, INC.
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO		1987	1986	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL					
1	NET INCOME	$ 1,003,495	$ 1,035,687	$ 956,402	$ 1,248,826	$ 911,857
2	DEPRECIATION AND AMORTIZATION	517,460	528,919	523,484	516,930	432,147
3	DEFERRED INCOME TAXES - NET	109,490	68,379	293,470	40,707-	194,471-
4	INTEREST CAPITALIZED	-	-	-	-	-
5	OTHER (NET)	414	942-	436	-	-
6	SUBTOTAL	1,630,859	1,632,043	1,773,792	1,725,049	1,149,533
7	EXTRAORDINARY ITEMS	-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	1,630,859	1,632,043	1,773,792	1,725,049	1,149,533
9	LESS DIVIDENDS PREFERRED	-	-	-	-	-
10	COMMON	435,000	435,000	543,750	435,000	348,000
11	NET FUNDS - INTERNAL SOURCES	1,195,859	1,197,043	1,230,042	1,290,049	801,533
	EXTERNAL					
12	LONG TERM DEBT	-	-	-	-	-
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	-	-	-	-	-
16	OTHER (NET)	-	-	-	-	-
17	TOTAL FUNDS - EXTERNAL SOURCES	-	-	-	-	-
	OTHER SOURCES					
18	NET DECREASE IN WORKING CAPITAL	4,889-	949,343	-	-	-
19	OTHER	22,853	3,851	43,434	32,104	757,547
20	TOTAL FUNDS PROVIDED	$ 1,213,823	$ 2,150,237	$ 1,273,476	$ 1,322,153	$ 1,559,080
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
21	GAS PLANT	$ 453,603	$ 377,123	$ 394,948	$ 247,367	$ 264,945
22	LIQUEFIED NATURAL GAS PLANT	-	-	-	-	-
23	NON-UTILITY	200,622	208,489	212,871	188,238	181,872
24	OTHER	-	-	-	-	-
25	TOTAL CONSTRUCTION	654,225	585,612	607,819	435,605	446,817
26	LESS INTEREST CAPITALIZED	-	-	-	-	-
27	TOTAL EXCLUDING INTEREST CAPITALIZED	654,225	585,612	607,819	435,605	446,817
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	72,000	1,572,000	72,000	72,000	72,000
29	PREFERRED STOCK	-	-	-	-	-
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	-	-	-	190,863
32	OTHER (NET)	-	-	-	-	-
34	TOTAL RETIREMENT OF SECURITIES	72,000	1,572,000	72,000	72,000	262,863
	OTHER USES					
35	NET INCREASE IN WORKING CAPITAL	465,092	-	133,987	1,087,946	849,400
36	OTHER (NET)	22,506	7,375-	459,670	273,398-	-
37	TOTAL FUNDS APPLIED	$ 1,213,823	$ 2,150,237	$ 1,273,476	$ 1,322,153	$ 1,559,080

ST. LAWRENCE GAS COMPANY, INC.
COMPARATIVE STATEMENTS OF INCOME AND RETAINED EARNINGS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
GAS OPERATING INCOME:						
OPERATING REVENUES	$ 25,458,695	$ 28,795,888	$ 36,862,813	$ 38,048,775	$ 33,268,372	1
OPERATION AND MAINTENANCE EXPENSE	21,814,010	24,884,055	32,692,801	33,450,149	29,387,055	2
DEPRECIATION EXPENSE	335,171	348,203	354,497	355,068	311,375	3
AMORTIZATION	1,227	8,822	10,067	9,834	9,960	4
TAXES OTHER THAN INCOME TAXES	1,797,323	1,861,172	2,120,281	2,175,796	1,989,117	5
INCOME TAXES	479,206	635,032	382,060	854,487	802,194	6
PROVISION FOR DEFERRED INCOME TAXES	252,119	378,044	519,757	180,779	121,020	7
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	135,380-	319,082-	266,935-	257,575-	345,424-	8
MISC. ADJUSTMENTS OF INCOME TAXES	4,740	4,741	4,740	4,739	4,740	9
GAINS FROM DISPOSITION OF UTILITY PLT	-	-	-	-	-	10
LOSSES FROM DISPOSITION OF UTILITY PLT	-	-	-	-	-	11
TOTAL OPERATING EXPENSES	24,548,416	27,800,988	35,817,268	36,773,277	32,280,037	12
NET OPERATING REVENUES	910,279	994,900	1,045,545	1,275,498	988,335	13
INC. - LEASED PLT. & OTHER OPER. INC.	-	-	-	-	-	14
GAS OPERATING INCOME	910,279	994,900	1,045,545	1,275,498	988,335	15
OTHER UTILITY OPERATING INCOME	-	-	-	-	-	16
TOTAL UTILITY OPERATING INCOME	910,279	994,900	1,045,545	1,275,498	988,335	17
OTHER INCOME:						
MERCH., JOBBING AND CONTRACT WORK	-	-	-	-	-	18
INCOME FROM NONUTILITY OPERATIONS	-	-	-	-	-	19
NONOPERATING RENTAL INCOME	220,879	219,091	191,436	207,705	233,167	20
EQUITY IN EARNINGS OF SUBSIDIARY CO'S	189	357-	3,068-	699-	92-	21
INTEREST AND DIVIDEND INCOME	110,745	83,388	200,615	297,879	116,179	22
ALLOWANCE FOR CONSTRUCTION FUNDS	-	-	-	-	-	23
MISCELLANEOUS NONOPERATING INCOME	-	-	-	-	-	24
GAIN ON DISPOSITION OF PROPERTY	-	-	-	-	-	25
TOTAL OTHER INCOME	331,813	302,122	388,983	504,885	349,254	26
TOTAL INCOME	1,242,092	1,297,022	1,434,528	1,780,383	1,337,589	27
INCOME DEDUCTIONS:						
TAXES OTHER THAN INC. TAXES-NONOPERATING	7,588	6,207	10,384	14,141	6,802	28
INCOME TAXES-NONOPERATING	125,111	132,632	192,920	236,719	176,143	29
LOSS ON DISPOSITION OF PROPERTY	-	-	-	-	-	30
MISCELLANEOUS AMORTIZATION	-	-	-	-	-	31
MISCELLANEOUS INCOME DEDUCTIONS	7,600	6,535	6,625	6,500	7,500	32
TOTAL INCOME DEDUCTIONS	140,299	145,374	209,929	257,360	190,445	33
INCOME BEFORE INTEREST CHARGES	1,101,793	1,151,648	1,224,599	1,523,023	1,147,144	34
INTEREST CHARGES:						
INTEREST ON LONG-TERM DEBT	80,010	83,790	207,570	211,350	215,130	35
AMORT. OF DEBT DISCOUNT + EXPENSE	5,102	5,102	5,101	5,102	5,102	36
AMORT. OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	37
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	38
OTHER INTEREST EXPENSE	12,997	27,069	55,526	57,745	15,055	39
TOTAL INTEREST CHARGES	98,109	115,961	268,197	274,197	235,287	40
INCOME BEFORE EXTRAORDINARY ITEMS	1,003,684	1,035,687	956,402	1,248,826	911,857	41
EXTRAORDINARY ITEMS - NET	-	-	-	-	-	42
NET INCOME	$ 1,003,684	$ 1,035,687	$ 956,402	$ 1,248,826	$ 911,857	43
RETAINED EARNINGS:						
BEGINNING OF YEAR	$ 3,562,748	$ 2,961,704	$ 2,545,984	$ 1,731,459	$ 1,167,510	44
BALANCE TRANSFERRED FROM INCOME	1,003,495	1,036,044	959,470	1,249,525	911,949	45
APPROPRIATIONS	-	-	-	-	-	46
DIVIDENDS DECLARED-PREFERRED STOCK	-	-	-	-	-	47
-COMMON STOCK	435,000	435,000	543,750	435,000	348,000	48
ADJUSTMENTS	-	-	-	-	-	49
BALANCE END OF YEAR	4,131,243	3,562,748	2,961,704	2,545,984	1,731,459	50
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	51
UNDISTRIBUTED SUBSIDIARY EARNINGS	5,814-	6,003-	5,646-	2,578-	1,879-	52
TOTAL END OF YEAR	$ 4,125,429	$ 3,556,745	$ 2,956,058	$ 2,543,406	$ 1,729,580	53
SELECTED INCOME ACCOUNT RELATIONSHIPS						
GAS OPERATING REVENUES						
% OF TOTAL OPERATING REVENUES	100.0	100.0	100.0	100.0	100.0	54
NET INCOME-PERCENT OF OPERATING REVENUES	3.9	3.5	2.5	3.2	2.7	55
PRETAX COVERAGE OF INTEREST CHARGES	18.6	17.1	7.7	9.3	8.1	56
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	43.3	42.0	56.8	34.8	38.1	57
RETURN ON COMMON EQUITY	12.2	13.6	13.4	19.2	15.7	58

ST. LAWRENCE GAS COMPANY, INC.
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO.	ITEM	1987	1986	1985	1984	1983
	REVENUES:					
1	RESIDENTIAL	$ 5,900,289	$ 7,125,747	$ 7,464,433	$ 7,552,987	$ 7,901,761
2	COMMERCIAL AND INDUSTRIAL	19,526,286	21,625,924	29,354,670	30,452,301	25,323,569
3	OTHER SALES TO PUBLIC AUTHORITIES	-	-	-	-	-
4	INTERDEPARTMENTAL	-	-	-	-	-
5	TOTAL REVENUES - ULTIMATE CONSUMERS	25,426,575	28,751,671	36,819,103	38,005,288	33,225,330
6	RESALE	-	-	-	-	-
7	TOTAL REVENUES FROM SALES OF GAS	25,426,575	28,751,671	36,819,103	38,005,288	33,225,330
8	OTHER GAS OPERATING REVENUES	32,120	44,217	43,710	43,487	43,042
9	TOTAL GAS OPERATING REVENUES	$ 25,458,695	$ 28,795,888	$ 36,862,813	$ 38,048,775	$ 33,268,372
	GAS SALES (MCF):					
10	RESIDENTIAL	1,386,104	1,429,932	1,375,234	1,353,842	1,276,479
11	COMMERCIAL AND INDUSTRIAL	6,158,503	5,953,514	6,537,017	6,626,167	5,015,833
12	OTHER SALES TO PUBLIC AUTHORITIES	-	-	-	-	-
13	INTERDEPARTMENTAL	-	-	-	-	-
14	TOTAL SALES TO ULTIMATE CONSUMERS	7,544,607	7,383,446	7,912,251	7,980,009	6,292,312
15	RESALE	-	-	-	-	-
16	TOTAL GAS SALES	7,544,607	7,383,446	7,912,251	7,980,009	6,292,312
	CUSTOMERS - AVERAGE PER MONTH					
17	RESIDENTIAL	9,935	9,740	9,556	9,408	9,272
18	COMMERCIAL AND INDUSTRIAL	1,157	1,107	1,075	1,055	1,024
19	OTHER SALES TO PUBLIC AUTHORITIES	-	-	-	-	-
20	INTERDEPARTMENTAL	-	-	-	-	-
21	TOTAL ULTIMATE CONSUMERS	11,092	10,847	10,631	10,463	10,296
22	RESALE	-	-	-	-	-
23	TOTAL CUSTOMERS	11,092	10,847	10,631	10,463	10,296

GAS OPERATING REVENUE RELATIONSHIPS

LINE NO.	ITEM	1987	1986	1985	1984	1983
	RESIDENTIAL SALES:					
24	AVERAGE ANNUAL BILL PER CUSTOMER	$ 593.89	$ 731.60	$ 781.13	$ 802.83	$ 852.22
25	AVERAGE MCF CONSUMPTION PER CUSTOMER	140	147	144	144	138
26	AVERAGE REVENUE PER MCF SOLD	$ 4.26	$ 4.98	$ 5.43	$ 5.58	$ 6.19
	COMMERCIAL AND INDUSTRIAL SALES:					
27	AVERAGE ANNUAL BILL PER CUSTOMER	$ 16,876.65	$ 19,535.61	$ 27,306.67	$ 28,864.74	$ 24,730.05
28	AVERAGE MCF CONSUMPTION PER CUSTOMER	5,323	5,378	6,081	6,281	4,898
29	AVERAGE REVENUE PER MCF SOLD	$ 3.17	$ 3.63	$ 4.49	$ 4.60	$ 5.05

GAS OPERATION AND MAINTENANCE EXPENSES

LINE NO.	ITEM	1987	1986	1985	1984	1983
	PRODUCTION EXPENSES:					
	MANUFACTURED GAS					
30	STEAM	-	-	-	-	-
31	MANUFACTURED GAS	-	-	-	-	-
	NATURAL GAS					
32	PRODUCTION AND GATHERING	-	-	-	-	-
33	EXPLORATION AND DEVELOPMENT					
	OTHER GAS SUPPLY EXPENSES					
34	PURCHASED GAS	19,620,382	22,739,001	31,085,800	31,258,933	26,855,610
35	OTHER	119,393	149,135	322,058-	419,146	765,455
36	TOTAL PRODUCTION EXPENSE	19,739,775	22,888,136	30,763,742	31,678,079	27,621,065
	NATURAL GAS STORAGE EXPENSES:					
37	UNDERGROUND STORAGE EXPENSES	-	-	-	-	-
38	OTHER STORAGE EXPENSES	-	-	-	-	-
39	TOTAL NATURAL GAS STORAGE EXPENSE	-	-	-	-	-
40	TRANSMISSION EXPENSES	-	-	-	-	-
41	DISTRIBUTION EXPENSES	767,595	739,776	704,662	671,190	629,928
42	CUSTOMER ACCOUNTS EXPENSES	316,525	306,445	308,674	300,260	286,210
43	SALES EXPENSES	131,366	117,230	110,060	113,145	105,557
44	ADMINISTRATIVE AND GENERAL EXPENSES	858,749	832,468	805,663	687,475	744,295
45	TOTAL O & M EXPENSES	$ 21,814,010	$ 24,884,055	$ 32,692,801	$ 33,450,149	$ 29,387,055

ST. LAWRENCE GAS COMPANY, INC.
DISTRIBUTION OF GAS REVENUES
YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
REVENUES	$ 25,458,695	$ 28,795,888	$ 36,862,813	$ 38,048,775	$ 33,268,372	1
SALES (MCF)	7,544,607	7,383,446	7,912,251	7,980,009	6,292,312	2
			DOLLAR AMOUNTS			
PURCHASED GAS & OTHER SUPPLY EXPENSE	$ 19,739,775	$ 22,888,136	$ 30,763,742	$ 31,678,079	$ 27,621,065	3
WAGES AND BENEFITS	1,426,493	1,388,224	1,361,779	1,203,564	1,184,398	4
OTHER OPERATION AND MAINTENANCE EXPENSES	647,742	607,695	567,280	568,506	581,592	5
DEPR. AND AMORT. EXPENSES	336,398	357,025	364,564	364,902	321,335	6
INCOME TAXES - OPERATING	600,685	698,735	639,622	782,430	582,530	7
OTHER TAXES - OPERATING	1,797,323	1,861,172	2,120,281	2,175,796	1,989,117	8
*INTEREST CHARGES **	98,109	115,961	268,197	274,197	235,287	9
*PREFERRED DIVIDENDS **	-	-	-	-	-	10
EARNINGS AVAILABLE FOR COMMON EQUITY	812,170	878,939	777,348	1,001,301	753,048	11
TOTAL	$ 25,458,695	$ 28,795,888	$ 36,862,813	$ 38,048,775	$ 33,268,372	12
			PERCENT OF REVENUES			
PURCHASED GAS & OTHER SUPPLY EXPENSE	77.5	79.5	83.5	83.3	83.0	13
WAGES AND BENEFITS	5.6	4.8	3.7	3.2	3.6	14
OTHER OPERATION AND MAINTENANCE EXPENSES	2.5	2.1	1.5	1.5	1.7	15
DEPRECIATION AND AMORTIZATION EXPENSES	1.3	1.2	1.0	1.0	1.0	16
INCOME TAXES - OPERATING	2.4	2.4	1.7	2.1	1.8	17
OTHER TAXES - OPERATING	7.1	6.5	5.8	5.7	6.0	18
*INTEREST CHARGES **	0.4	0.4	0.7	0.7	0.7	19
*PREFERRED DIVIDENDS**	-	-	-	-	-	20
EARNINGS AVAILABLE FOR COMMON EQUITY	3.2	3.1	2.1	2.6	2.3	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
			DOLLARS PER MCF			
PURCHASED GAS & OTHER SUPPLY EXPENSE	$ 2.62	$ 3.10	$ 3.89	$ 3.97	$ 4.39	23
WAGES AND BENEFITS	0.19	0.19	0.17	0.15	0.19	24
OTHER OPERATION AND MAINTENANCE EXPENSES	0.09	0.08	0.07	0.07	0.09	25
DEPRECIATION AND AMORTIZATION EXPENSES	0.04	0.05	0.05	0.05	0.05	26
INCOME TAXES - OPERATING	0.08	0.09	0.08	0.10	0.09	27
OTHER TAXES - OPERATING	0.24	0.25	0.27	0.27	0.32	28
*INTEREST CHARGES **	0.01	0.02	0.03	0.03	0.04	29
*PREFERRED DIVIDENDS **	-	-	-	-	-	30
EARNINGS AVAILABLE FOR COMMON EQUITY	0.11	0.12	0.10	0.13	0.12	31
TOTAL	$ 3.37	$ 3.90	$ 4.66	$ 4.77	$ 5.29	32

*THIS IS A STRAIGHT GAS COMPANY, THEREFORE, NO ALLOCATION OF STARRED ITEMS IS NECESSARY

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SYRACUSE SUBURBAN GAS COMPANY, INC.
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF GAS PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO.	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	GAS UTILITY PLANT	$ 7,777,433	$ 7,045,757	$ 6,456,148	$ 5,996,666	$ 5,593,999
2	ACCUM. PROV. FOR DEPR. AND AMORT.	1,687,217	1,629,698	1,470,517	1,343,903	1,241,804
3	NET GAS UTILITY PLANT	6,090,216	5,416,059	4,985,631	4,652,763	4,352,195
4	OTHER UTILITY PLANT	-	-	-	-	-
5	ACCUM. PROV. FOR DEPR. AND AMORT.	-	-	-	-	-
6	NET OTHER UTILITY PLANT	-	-	-	-	-
7	TOTAL UTILITY PLANT	7,777,433	7,045,757	6,456,148	5,996,666	5,593,999
8	ACCUM. PROV. FOR DEPR. AND AMORT.	1,687,217	1,629,698	1,470,517	1,343,903	1,241,804
9	NET TOTAL UTILITY PLANT	6,090,216	5,416,059	4,985,631	4,652,763	4,352,195
10	NONUTILITY PROPERTY LESS ACCUM. PROV. FOR DEPR. AND AMORT.	-	-	-	-	-
11	INVESTMENT IN ASSOCIATED COMPANIES	-	-	-	-	-
12	INVESTMENT IN SUBSIDIARY COMPANIES	-	-	-	-	-
13	OTHER INVESTMENTS	-	-	-	-	-
14	SPECIAL FUNDS	-	-	-	-	-
15	TOTAL OTHER PROPERTY AND INVESTMENTS	-	-	-	-	-
16	CASH	995,241	89,380	86,256	78,923	27,248
17	SPECIAL DEPOSITS	2,700	-	-	-	-
18	WORKING FUNDS	-	2,700	2,700	2,700	2,700
19	TEMPORARY CASH INVESTMENTS	-	-	-	-	-
20	NOTES & ACCTS. RECEIVABLE LESS ACCUM. PROV. FOR UNCOLLECTIBLE ACCOUNTS	1,179,924	1,356,943	2,292,535	1,984,933	2,521,538
21	RECEIVABLES - ASSOCIATED COMPANIES	-	-	159-	760	2,888
22	MATERIALS AND SUPPLIES	212,990	162,680	142,188	150,283	159,702
23	GAS STORED UNDERGROUND - CURRENT	-	-	-	-	-
24	LIQUEFIED NATURAL GAS IN STORAGE	-	-	-	-	-
25	PREPAYMENTS	207,775	208,968	154,887	132,264	122,680
26	OTHER CURRENT AND ACCRUED ASSETS	-	-	-	-	-
27	TOTAL CURRENT AND ACCRUED ASSETS	2,598,630	1,820,671	2,678,407	2,347,863	2,836,756
28	UNAMORTIZED DEBT EXPENSE	16,645	19,235	21,825	24,415	27,004
29	EXTRAORDINARY PROPERTY LOSSES	-	-	-	-	-
30	PREL. SURVEY & INVESTIGATION CHARGES	-	-	-	-	-
31	CLEARING ACCOUNTS	7,630	13,075	2,923-	6,039	4,698-
32	DEFERRED LOSSES - DISP. OF UTILITY PLANT	-	-	-	-	-
33	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
34	ACCUM. DEFERRED INCOME TAXES	-	-	-	-	-
35	OTHER DEFERRED DEBITS	406,492-	278,446-	37,673	191,630	603,014
36	TOTAL DEFERRED DEBITS	382,217-	246,136-	56,575	222,084	625,320
37	TOTAL ASSETS AND OTHER DEBITS	$ 8,306,629	$ 6,990,594	$ 7,720,613	$ 7,222,710	$ 7,814,272
	GAS UTILITY PLANT*					
38	INTANGIBLE PLANT	$ 3,333	$ 3,333	$ 3,333	$ 3,333	$ 3,333
	PRODUCTION PLANT:					
39	MANUFACTURED GAS PLANT	-	-	-	-	-
40	NATURAL GAS PLANT	116,154	124,154	131,778	139,543	153,164
41	NATURAL GAS STORAGE PLANT					
42	UNDERGROUND STORAGE PLANT	-	-	-	-	-
43	OTHER STORAGE PLANT	-	-	-	-	-
44	TRANSMISSION PLANT	-	-	-	-	-
45	DISTRIBUTION PLANT	6,563,749	6,065,392	5,529,539	5,029,876	4,767,858
46	GENERAL PLANT	833,992	838,231	770,766	714,661	635,284
47	GAS PLANT PURCHASED OR SOLD	-	-	-	-	-
48	EXPERIMENTAL GAS PLANT UNCLASSIFIED	-	-	-	-	-
49	GAS STORED UNDERGROUND NON-CURRENT	-	-	-	-	-
50	TOTAL GAS PLANT IN SERVICE	7,517,228	7,031,110	6,435,416	5,887,413	5,559,639
51	PLANT LEASED TO OTHERS	-	-	-	-	-
52	PLANT HELD FOR FUTURE USE	8,898	8,898	8,898	8,898	8,898
53	CONSTRUCTION WORK IN PROGRESS	251,306	5,749	11,835	100,356	25,462
54	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
55	TOTAL GAS UTILITY PLANT	7,777,433	7,045,757	6,456,148	5,996,566	5,593,999
56	ACCUM. PROV. FOR DEPR. AND AMORT.	1,687,217	1,629,698	1,470,517	1,343,903	1,241,804
57	NET GAS UTILITY PLANT	6,090,216	5,416,059	4,985,631	4,652,763	4,352,195
	PLANT IN SERVICE:					
58	BEGINNING OF YEAR	7,031,110	6,435,416	5,887,413	5,559,639	5,076,117
59	ADDITIONS	681,002	668,938	633,475	445,939	534,973
60	RETIREMENTS	194,884	73,244	85,472	118,164	51,451
61	TRANSFERS AND ADJUSTMENTS	-	-	-	-	-
62	END OF YEAR	$ 7,517,229	$ 7,031,110	$ 6,435,415	$ 5,887,412	$ 5,559,639

*EXCLUDES ALLOCATION OF COMMON PLANT

SYRACUSE SUBURBAN GAS COMPANY, INC.
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
LIABILITIES AND OTHER CREDITS						
COMMON STOCK ISSUED	$ 420,000	$ 420,000	$ 420,000	$ 420,000	$ 420,000	1
PREFERRED STOCK ISSUED	284,225	284,225	284,225	284,225	284,225	2
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	3
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	4
PREMIUM ON CAPITAL STOCK	3,701	3,701	3,701	3,701	3,701	5
OTHER PAID-IN CAPITAL	300	300	300	300	300	6
INSTALLMENTS REC'D ON CAPITAL STOCK	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	12,723-	12,723-	12,723-	12,723-	12,723-	8
RETAINED EARNINGS	2,491,909	2,382,193	2,142,416	1,993,506	1,468,443	9
UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS	-	-	-	-	-	10
REACQUIRED CAPITAL STOCK	10,325-	10,325-	10,325-	10,325-	10,325-	11
TOTAL PROPRIETARY CAPITAL	3,177,087	3,067,371	2,827,595	2,678,684	2,153,621	12
BONDS (LESS BONDS REACQUIRED)	766,666	860,000	953,334	1,046,667	1,140,000	13
ADVANCES FROM ASSOCIATED COMPANIES	-	-	-	-	-	14
OTHER LONG-TERM DEBT	-	-	-	-	-	15
NET UNAMORTIZED PREMIUM + DISCOUNT	-	-	-	-	-	16
TOTAL LONG TERM DEBT	766,666	860,000	953,334	1,046,667	1,140,000	17
NOTES PAYABLE	1,150,000	700,000	700,000	120,000	600,000	18
ACCOUNTS PAYABLE	1,920,237	1,373,771	2,178,096	2,437,899	2,963,543	19
PAYABLES TO ASSOCIATED COMPANIES	-	-	-	-	-	20
CUSTOMER DEPOSITS	227,002	189,565	130,660	88,053	124,409	21
TAXES ACCRUED	89,188	13,445	56,298	47,775	6,039	22
INTEREST ACCRUED	15,003	16,228	14,355	11,681	11,273	23
DIVIDENDS DECLARED	3,595	-	3,595	3,595	3,595	24
TAX COLLECTIONS PAYABLE	33,527	40,732	49,652	37,918	53,739	25
OTHER CURRENT AND ACCRUED LIABILITIES	387,681	250,231	400,956	290,376	483,064	26
TOTAL CURRENT AND ACCRUED LIABILITIES	3,826,233	2,583,972	3,533,612	3,037,297	4,245,662	27
CUSTOMER ADVANCES FOR CONSTRUCTION	-	-	-	-	-	28
DEFERRED GAINS FROM DISPOSITION OF UTILITY PLANT	-	-	-	-	-	29
ACCUM. DEFERRED INVESTMENT TAX CREDITS	213,480	223,362	223,714	320,056	134,981	30
OTHER DEFERRED CREDITS	-	-	-	-	-	31
ACCUMULATED DEFERRED INCOME TAXES						
ACCELERATED AMORTIZATION	-	-	144,415	-	-	32
LIBERALIZED DEPRECIATION	299,383	222,883	37,943	-	-	33
OTHER	23,780	33,006	-	140,008	140,008	34
TOTAL DEFERRED CREDITS	536,643	479,251	406,072	460,062	274,989	35
PROPERTY INSURANCE RESERVE	-	-	-	-	-	36
INJURIES AND DAMAGE RESERVES	-	-	-	-	-	37
PENSION AND BENEFITS RESERVE	-	-	-	-	-	38
MISCELLANEOUS OPERATING RESERVES	-	-	-	-	-	39
TOTAL OPERATING RESERVES	-	-	-	-	-	40
TOTAL LIABILITIES AND OTHER CREDITS	$ 8,306,629	$ 6,990,594	$ 7,720,613	$ 7,222,710	$ 7,814,272	41
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS / BY CURRENT LIABILITIES	0.68	0.70	0.76	0.77	0.67	42
PERCENT OF CAPITALIZATION:						
LONG-TERM DEBT	19.4	21.8	25.2	28.0	34.6	43
PREFERRED STOCK	7.2	7.2	7.5	7.6	8.6	44
COMMON STOCK AND OTHER PAID-IN CAPITAL	10.1	10.2	10.6	10.7	12.1	45
RETAINED EARNINGS	63.1	60.6	56.6	53.5	44.5	46
LONG-TERM DEBT: % OF GROSS UTILITY PLANT	9.8	12.2	14.7	17.4	20.3	47
ACCUM. PROV. FOR DEPR.: % OF UTILITY PLT.	21.6	23.1	22.7	22.4	22.1	48

SYRACUSE SUBURBAN GAS COMPANY, INC.
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO		1987	1986	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL					
1	NET INCOME	$ 352,639	$ 376,561	$ 331,291	$ 665,444	$ 125,953
2	DEPRECIATION AND AMORTIZATION	248,246	213,923	201,669	187,569	162,414
3	DEFERRED INCOME TAXES - NET	57,392	73,179	53,990-	185,073	21,167
4	INTEREST CAPITALIZED	-	-	-	-	-
5	OTHER (NET)	133,491	316,119	162,919	-	443,681
6	SUBTOTAL	791,768	979,782	641,889	1,038,086	753,215
7	EXTRAORDINARY ITEMS	-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	791,768	979,782	641,889	1,038,086	753,215
9	LESS DIVIDENDS: PREFERRED	14,381	10,785	14,381	14,381	14,381
10	COMMON	168,000	126,000	168,000	126,000	-
11	NET FUNDS - INTERNAL SOURCES	609,387	842,997	459,508	897,705	738,834
	EXTERNAL					
12	LONG TERM DEBT	-	-	-	-	-
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	450,000	-	580,000	-	-
16	OTHER (NET)	-	-	-	400,647	-
17	TOTAL FUNDS - EXTERNAL SOURCES	450,000	-	580,000	400,647	-
	OTHER SOURCES					
18	NET DECREASE IN WORKING CAPITAL	-	-	-	-	117,737
19	OTHER	-	-	-	-	-
20	TOTAL FUNDS PROVIDED	$ 1,059,387	$ 842,997	$ 1,039,508	$ 1,298,352	$ 856,571
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
21	GAS PLANT	$ 923,409	$ 657,760	$ 531,946	$ 485,547	$ 400,871
22	LIQUEFIED NATURAL GAS PLANT	-	-	-	-	-
23	NON-UTILITY	-	-	-	-	-
24	OTHER	-	-	-	-	-
25	TOTAL CONSTRUCTION	923,409	657,760	531,946	485,547	400,871
26	LESS INTEREST CAPITALIZED	-	-	-	-	-
27	TOTAL EXCLUDING INTEREST CAPITALIZED	923,409	657,760	531,946	485,547	400,871
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	93,333	93,333	-	93,333	10,000
29	PREFERRED STOCK	-	-	93,333	-	-
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	-	-	480,000	410,000
32	OTHER (NET)	-	-	-	-	-
34	TOTAL RETIREMENT OF SECURITIES	93,333	93,333	93,333	573,333	420,000
	OTHER USES					
35	NET INCREASE IN WORKING CAPITAL	42,645	91,904	414,229	239,472	-
36	OTHER (NET)	-	-	-	-	35,700
37	TOTAL FUNDS APPLIED	$ 1,059,387	$ 842,997	$ 1,039,508	$ 1,298,352	$ 856,571

SYRACUSE SUBURBAN GAS COMPANY, INC
COMPARATIVE STATEMENTS OF INCOME AND RETAINED EARNINGS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
GAS OPERATING INCOME						
OPERATING REVENUES	$ 12,742,956	$ 16,702,570	$ 21,011,694	$ 22,094,829	$ 17,072,736	1
OPERATION AND MAINTENANCE EXPENSE	11,022,523	14,782,060	19,023,525	19,827,268	15,759,785	2
DEPRECIATION EXPENSE	202,947	181,530	162,579	152,540	138,372	3
AMORTIZATION	11,330	10,698	7,734	20,093	20,025	4
TAXES OTHER THAN INCOME TAXES	728,875	936,003	1,106,292	1,106,598	875,937	5
INCOME TAXES	202,324	197,862	311,019	69,511	1,787	6
PROVISION FOR DEFERRED INCOME TAXES	78,588	78,467	47,408	-	-	7
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	11,313-	4,936-	130,826-	-	-	8
MISC ADJUSTMENTS OF INCOME TAXES	-	-	-	-	-	9
GAINS FROM DISPOSITION OF UTILITY PLT	-	-	-	-	-	10
LOSSES FROM DISPOSITION OF UTILITY PLT	-	-	-	-	-	11
TOTAL OPERATING EXPENSES	12,235,274	16,181,684	20,527,729	21,176,012	16,795,907	12
NET OPERATING REVENUES	507,682	520,886	483,965	918,817	276,829	13
INC - LEASED PLT & OTHER OPER INC	-	-	-	-	-	14
GAS OPERATING INCOME	507,682	520,886	483,965	918,817	276,829	15
OTHER UTILITY OPERATING INCOME	-	-	-	-	-	16
TOTAL UTILITY OPERATING INCOME	507,682	520,886	483,965	918,817	276,829	17
OTHER INCOME						
MERCH., JOBBING AND CONTRACT WORK	4-	556	1,103	1,704	477	18
INCOME FROM NONUTILITY OPERATIONS	-	-	-	-	-	19
NONOPERATING RENTAL INCOME	-	-	-	-	-	20
EQUITY IN EARNINGS OF SUBSIDIARY CO'S	-	-	-	-	-	21
INTEREST AND DIVIDEND INCOME	26,554	43,399	80,885	113,213	96,428	22
ALLOWANCE FOR CONSTRUCTION FUNDS	-	-	-	-	-	23
MISCELLANEOUS NONOPERATING INCOME	220-	147-	147-	147-	147-	24
GAIN ON DISPOSITION OF PROPERTY	-	-	-	-	-	25
TOTAL OTHER INCOME	26,330	43,808	81,841	114,770	96,758	26
TOTAL INCOME	534,012	564,694	565,806	1,033,587	373,587	27
INCOME DEDUCTIONS						
TAXES OTHER THAN INC TAXES-NONOPERATING	-	-	-	-	-	28
INCOME TAXES-NONOPERATING	9,882-	10,073-	8,774-	185,073	21,167-	29
LOSS ON DISPOSITION OF PROPERTY	-	-	-	-	-	30
MISCELLANEOUS AMORTIZATION	-	-	-	-	6,135	31
MISCELLANEOUS INCOME DEDUCTIONS	4,862	3,955	-	-	-	32
TOTAL INCOME DEDUCTIONS	5,020-	6,118-	8,774-	185,073	15,032-	33
INCOME BEFORE INTEREST CHARGES	539,032	570,812	574,580	848,514	388,619	34
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	88,383	97,045	106,816	116,477	117,792	35
AMORT OF DEBT DISCOUNT + EXPENSE	2,590	2,590	2,590	2,590	2,589	36
AMORT OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	37
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	38
OTHER INTEREST EXPENSE	95,420	94,616	133,883	64,003	142,285	39
TOTAL INTEREST CHARGES	186,393	194,251	243,289	183,070	262,666	40
INCOME BEFORE EXTRAORDINARY ITEMS	352,639	376,561	331,291	665,444	125,953	41
EXTRAORDINARY ITEMS - NET	-	-	-	-	-	42
NET INCOME	$ 352,639	$ 376,561	$ 331,291	$ 665,444	$ 125,953	43
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 2,382,193	$ 2,142,417	$ 1,993,506	$ 1,468,443	$ 1,356,870	44
BALANCE TRANSFERRED FROM INCOME	352,639	376,561	331,291	665,444	125,954	45
APPROPRIATIONS	-	-	-	-	-	46
DIVIDENDS DECLARED-PREFERRED STOCK	17,976	10,785	14,381	14,381	14,381	47
-COMMON STOCK	168,000	126,000	168,000	126,000	-	48
ADJUSTMENTS	56,947-	-	-	-	-	49
BALANCE END OF YEAR	2,491,909	2,382,193	2,142,416	1,993,506	1,468,443	50
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	51
UNDISTRIBUTED SUBSIDIARY EARNINGS	-	-	-	-	-	52
TOTAL END OF YEAR	$ 2,491,909	$ 2,382,193	$ 2,142,416	$ 1,993,506	$ 1,468,443	53
SELECTED INCOME ACCOUNT RELATIONSHIPS						
GAS OPERATING REVENUES						
% OF TOTAL OPERATING REVENUES	100.0	100.0	100.0	100.0	100.0	54
NET INCOME-PERCENT OF OPERATING REVENUES	2.7	2.2	1.5	3.0	0.7	55
PRETAX COVERAGE OF INTEREST CHARGES	4.3	4.3	3.3	6.0	1.4	56
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	50.1	34.4	53.0	19.3	-	57
RETURN ON COMMON EQUITY	11.7	13.7	12.8	30.5	6.1	58

SYRACUSE SUBURBAN GAS COMPANY, INC.
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO.	ITEM	1987	1986	1985	1984	1983
	REVENUES:					
1	RESIDENTIAL	$ 2,096,031	$ 2,370,217	$ 2,269,277	$ 2,552,242	$ 2,434,680
2	COMMERCIAL AND INDUSTRIAL	8,768,604	13,855,596	18,672,394	19,444,671	14,546,178
3	OTHER SALES TO PUBLIC AUTHORITIES	-	-	-	-	-
4	INTERDEPARTMENTAL	-	-	-	-	-
5	TOTAL REVENUES - ULTIMATE CONSUMERS	10,864,635	16,225,813	20,941,671	21,996,913	16,980,858
6	RESALE	36,700	41,443	32,888	49,130	42,556
7	TOTAL REVENUES FROM SALES OF GAS	10,901,335	16,267,256	20,974,559	22,046,043	17,023,414
8	OTHER GAS OPERATING REVENUES	1,841,621	435,312	37,136	48,786	49,322
9	TOTAL GAS OPERATING REVENUES	$ 12,742,956	$ 16,702,568	$ 21,011,695	$ 22,094,829	$ 17,072,736
	GAS SALES (MCF):					
10	RESIDENTIAL	378,067	408,987	396,330	421,539	405,866
11	COMMERCIAL AND INDUSTRIAL	1,912,347	3,019,300	4,094,375	4,027,588	2,880,685
12	OTHER SALES TO PUBLIC AUTHORITIES	-	-	-	-	-
13	INTERDEPARTMENTAL	-	-	-	-	-
14	TOTAL SALES TO ULTIMATE CONSUMERS	2,290,415	3,428,288	4,490,705	4,449,127	3,286,551
15	RESALE	9,272	10,299	7,638	11,023	9,175
16	TOTAL GAS SALES	2,299,687	3,438,587	4,498,343	4,460,150	3,295,726
	CUSTOMERS - AVERAGE PER MONTH:					
17	RESIDENTIAL	3,204	3,190	3,132	3,141	3,155
18	COMMERCIAL AND INDUSTRIAL	1,026	992	935	914	902
19	OTHER SALES TO PUBLIC AUTHORITIES	-	-	-	-	-
20	INTERDEPARTMENTAL	-	-	-	-	-
21	TOTAL ULTIMATE CONSUMERS	4,230	4,182	4,067	4,055	4,057
22	RESALE	1	1	1	1	1
23	TOTAL CUSTOMERS	4,231	4,183	4,068	4,056	4,058
	GAS OPERATING REVENUE RELATIONSHIPS					
	RESIDENTIAL SALES:					
24	AVERAGE ANNUAL BILL PER CUSTOMER	$ 654.19	$ 743.01	$ 724.55	$ 812.56	$ 771.69
25	AVERAGE MCF CONSUMPTION PER CUSTOMER	118	128	127	134	129
26	AVERAGE REVENUE PER MCF SOLD	$ 5.54	$ 5.80	$ 5.73	$ 6.05	$ 6.00
	COMMERCIAL AND INDUSTRIAL SALES:					
27	AVERAGE ANNUAL BILL PER CUSTOMER	$ 8,546.40	$ 13,967.33	$ 19,970.47	$ 21,274.26	$ 16,126.58
28	AVERAGE MCF CONSUMPTION PER CUSTOMER	1,864	3,044	4,379	4,407	3,194
29	AVERAGE REVENUE PER MCF SOLD	$ 4.59	$ 4.59	$ 4.56	$ 4.83	$ 5.05
	GAS OPERATION AND MAINTENANCE EXPENSES					
	PRODUCTION EXPENSES:					
	MANUFACTURED GAS					
30	STEAM	-	-	-	-	-
31	MANUFACTURED GAS	-	-	-	-	-
	NATURAL GAS					
32	PRODUCTION AND GATHERING	-	1,046	-	-	-
33	EXPLORATION AND DEVELOPMENT					
	OTHER GAS SUPPLY EXPENSES					
34	PURCHASED GAS	9,848,084	13,714,649	17,968,478	18,864,877	14,953,734
35	OTHER	3,579-	4,358-	4,844-	5,036-	4,437-
36	TOTAL PRODUCTION EXPENSE	9,844,505	13,711,337	17,963,634	18,859,841	14,949,297
	NATURAL GAS STORAGE EXPENSES					
37	UNDERGROUND STORAGE EXPENSES	-	-	-	-	-
38	OTHER STORAGE EXPENSES	-	-	-	-	-
39	TOTAL NATURAL GAS STORAGE EXPENSE	-	-	-	-	-
40	TRANSMISSION EXPENSES	-	-	-	-	-
41	DISTRIBUTION EXPENSES	465,648	419,704	425,449	368,924	304,379
42	CUSTOMER ACCOUNTS EXPENSES	146,906	149,188	144,683	128,249	135,254
43	SALES EXPENSES	24,049	25,100	24,760	26,624	25,302
44	ADMINISTRATIVE AND GENERAL EXPENSES	541,417	476,731	464,999	443,629	345,553
45	TOTAL O & M EXPENSES	$ 11,022,523	$ 14,782,060	$ 19,023,525	$ 19,827,268	$ 15,759,785

SYRACUSE SUBURBAN GAS COMPANY, INC
DISTRIBUTION OF GAS REVENUES
YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
REVENUES	$ 12,742,956	$ 16,702,570	$ 21,011,694	$ 22,094,829	$ 17,072,736	1
SALES (MCF)	2,299,687	3,438,587	4,498,343	4,460,150	3,295,726	2
			DOLLAR AMOUNTS			
PURCHASED GAS & OTHER SUPPLY EXPENSE	$ 9,844,505	$ 13,710,291	$ 17,963,634	$ 18,859,841	$ 14,949,297	3
WAGES AND BENEFITS	627,165	594,124	571,423	529,402	486,871	4
OTHER OPERATION AND MAINTENANCE EXPENSES	550,853	477,645	488,468	438,025	323,617	5
DEPR. AND AMORT. EXPENSES	214,277	192,228	170,313	172,633	158,397	6
INCOME TAXES - OPERATING	269,599	271,393	227,601	69,511	1,787	7
OTHER TAXES - OPERATING	728,875	936,003	1,106,292	1,106,598	875,937	8
*INTEREST CHARGES **	186,393	194,251	243,289	183,070	262,666	9
*PREFERRED DIVIDENDS **	17,976	10,785	14,381	14,381	14,381	10
EARNINGS AVAILABLE FOR COMMON EQUITY	303,313	315,850	226,295	721,366	218-	11
TOTAL	$ 12,742,956	$ 16,702,570	$ 21,011,694	$ 22,094,829	$ 17,072,736	12
			PERCENT OF REVENUES			
PURCHASED GAS & OTHER SUPPLY EXPENSE	77.3	82.1	85.5	85.4	87.6	13
WAGES AND BENEFITS	4.9	3.6	2.7	2.4	2.9	14
OTHER OPERATION AND MAINTENANCE EXPENSES	4.3	2.9	2.3	2.0	1.9	15
DEPRECIATION AND AMORTIZATION EXPENSES	1.7	1.2	0.8	0.8	0.9	16
INCOME TAXES - OPERATING	2.1	1.6	1.1	0.3	-	17
OTHER TAXES - OPERATING	5.7	5.6	5.3	5.0	5.1	18
*INTEREST CHARGES **	1.5	1.2	1.2	0.8	1.5	19
*PREFERRED DIVIDENDS**	0.1	0.1	0.1	0.1	0.1	20
EARNINGS AVAILABLE FOR COMMON EQUITY	2.4	1.9	1.1	3.3	-	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
			DOLLARS PER MCF			
PURCHASED GAS & OTHER SUPPLY EXPENSE	$ 4.28	$ 3.99	$ 3.99	$ 4.23	$ 4.54	23
WAGES AND BENEFITS	0.27	0.17	0.13	0.12	0.15	24
OTHER OPERATION AND MAINTENANCE EXPENSES	0.24	0.14	0.11	0.10	0.10	25
DEPRECIATION AND AMORTIZATION EXPENSES	0.09	0.06	0.04	0.04	0.05	26
INCOME TAXES - OPERATING	0.12	0.08	0.05	0.02	-	27
OTHER TAXES - OPERATING	0.32	0.27	0.25	0.25	0.27	28
*INTEREST CHARGES **	0.08	0.06	0.05	0.04	0.08	29
*PREFERRED DIVIDENDS **	0.01	-	-	-	-	30
EARNINGS AVAILABLE FOR COMMON EQUITY	0.13	0.09	0.05	0.16	-	31
TOTAL	$ 5.54	$ 4.86	$ 4.67	$ 4.95	$ 5.18	32

*THIS IS A STRAIGHT GAS COMPANY, THEREFORE, NO ALLOCATION OF STARRED ITEMS IS NECESSARY
**NET OF AFC

GAS

SECTION III.

TELEPHONE SERVICE COMPANIES

Balance Sheet
Asset Side
Liability Side
Statement of Change in Financial Position
Income Statement
Statement of Revenue Plant and Operation and Maintenance
Distribution of Revenues

ALLTEL NEW YORK, INC
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF TELEPHONE PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	TELEPHONE PLANT	$ 122,825,026	$ 116,755,917	$ 118,884,852	$ 111,809,182	$ 107,870,014
2	ACCUM PROV FOR DEPR & AMORT	38,011,942	35,901,633	41,337,057	37,301,068	33,416,669
3	NET TELEPHONE PLANT	84,813,084	80,854,284	77,547,795	74,508,114	74,453,345
4	INVESTMENTS IN AFFILIATED COMPANIES	-	-	-	-	-
5	ADVANCES TO AFFILIATED COMPANIES	-	-	-	-	-
6	MISCELLANEOUS PHYSICAL PROPERTY	559,741	634,013	587,812	521,929	367,022
7	OTHER INVESTMENTS AND FUNDS	612,592	868,347	1,050,910	803,820	499,749
8	TOTAL INVESTMENTS AND FUNDS	1,172,333	1,502,360	1,638,722	1,325,749	866,771
9	CASH AND WORKING FUNDS	284,375	133,510	20,167	259,814	462,323
10	SPECIAL CASH DEPOSITS	-	-	-	-	-
11	TEMPORARY CASH INVESTMENTS	-	-	-	-	-
12	NOTES & ACCT'S REC -AFFILIATED CO'S	1,477,924	624,388	205,656	142,480	23,523
13	OTHER NOTES AND ACCOUNTS RECEIVABLE	3,973,427	3,655,545	4,721,411	4,374,780	974,764
14	DUE - CUST & AGENTS LESS ACCUM PROV - UNCOLLECTIBLE ACCTS	3,711,004	3,721,903	3,802,092	4,242,217	3,902,225
15	MATERIALS AND SUPPLIES	1,024,959	865,863	856,846	1,148,573	1,035,135
16	MERCH AND MATERIAL HELD FOR SALE	266,232	235,580	245,660	-	-
17	PREPAYMENTS	701,918	659,359	679,154	758,426	763,006
18	OTHER CURRENT AND ACCRUED ASSETS	-	-	-	-	-
19	TOTAL CURRENT AND ACCRUED ASSETS	11,439,839	9,896,148	10,530,986	10,926,290	7,160,976
20	UNAMORTIZED DEBT DISCOUNT AND EXPENSE	207,040	180,142	213,250	250,731	286,152
21	EXTRAORDINARY MAINTENANCE & RETIREMENTS	-	-	-	-	-
22	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
23	OTHER DEFERRED DEBITS	68,091	70,822	118,824	315,513	446,658
24	TOTAL DEFERRED DEBITS	275,131	250,964	332,074	566,244	732,810
25	TOTAL ASSETS AND OTHER DEBITS	97,700,387	$ 92,503,756	$ 90,049,577	$ 87,326,397	$ 83,213,902
	TELEPHONE PLANT					
26	PLANT IN SERVICE	$ 115,208,551	$ 112,262,844	$ 112,560,617	$ 109,124,554	$ 105,727,742
27	PLANT UNDER CONSTRUCTION	7,467,915	4,284,810	6,115,971	2,430,430	1,888,074
28	PROPERTY HELD FOR FUTURE USE	-	59,703	59,704	105,638	105,638
29	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
30	PLANT ADJUSTMENTS	148,560	148,560	148,560	148,560	148,560
31	TOTAL TELEPHONE UTILITY PLANT	122,825,026	116,755,917	118,884,852	111,809,182	107,870,014
32	ACCUM PROV FOR DEPR AND AMORT	38,011,942	35,901,633	41,337,057	37,301,068	33,416,669
33	NET TELEPHONE PLANT	84,813,084	80,854,284	77,547,795	74,508,114	74,453,345
	PLANT IN SERVICE					
34	BEGINNING OF YEAR	112,262,844	112,560,617	109,124,554	105,727,742	102,175,889
35	ADDITIONS	8,782,120	12,596,047	6,669,785	7,202,281	7,431,545
36	RETIREMENTS	5,836,413	12,893,820	3,233,722	3,805,469	3,879,692
37	TRANSFERS AND ADJUSTMENTS	-	-	-	-	-
38	END OF YEAR	$ 115,208,551	$ 112,262,844	$ 112,560,617	$ 109,124,554	$ 105,727,742

ALLTEL NEW YORK, INC.
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 16,645,493	$ 16,645,493	$ 16,645,493	$ 16,645,493	$ 16,645,493	1
PREFERRED CAPITAL STOCK	3,700,000	3,950,000	4,200,000	4,450,000	4,700,000	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	4,548,000	4,548,000	4,548,000	4,550,605	4,548,000	7
CAPITAL STOCK EXPENSE	36,470-	39,075-	41,680-	46,890-	46,890-	8
RETAINED EARNINGS	15,392,738	14,594,429	14,049,198	12,523,283	11,501,231	9
TOTAL PROPRIETARY CAPITAL	40,249,761	39,698,847	39,401,011	38,122,491	37,347,834	10
BONDS(LESS BONDS REACQUIRED)	25,837,000	24,560,000	29,416,700	31,291,850	32,810,501	11
ADVANCES FROM AFFILIATED COMPANIES	-	-	-	-	-	12
OTHER LONG-TERM DEBT	-	-	-	-	-	13
TOTAL LONG-TERM DEBT	25,837,000	24,560,000	29,416,700	31,291,850	32,810,501	14
NOTES & ACCTS PAY TO AFFILIATED CO'S	12,179,574	9,791,350	3,386,323	5,119,205	1,106,800	15
OTHER NOTES AND ACCOUNTS PAYABLE	3,614,433	3,084,982	3,778,903	447,697	993,944	16
CUSTOMERS' DEPOSITS	117,797	114,962	117,735	-	164,943	17
ADVANCE BILLING AND PAYMENTS	789,040	811,039	772,044	1,041,806	909,755	18
TAXES ACCRUED	41,229	431,135	542,250	512,101	18,345	19
OTHER CURRENT AND ACCRUED LIABILITIES	1,909,271	1,663,775	1,562,357	1,461,435	1,420,312	20
TOTAL CURRENT AND ACCRUED LIABILITIES	18,651,344	15,897,243	10,159,612	8,582,244	4,614,099	21
UNAMORTIZED PREMIUM ON DEBT	-	-	-	-	-	22
ACCUM. DEFERRED INVESTMENT TAX CREDITS	3,708,045	4,087,753	3,619,945	3,272,195	2,854,863	23
OTHER DEFERRED CREDITS	415,210	455,076	415,669	259,953	277,381	24
TOTAL DEFERRED CREDITS	4,123,255	4,542,829	4,035,614	3,532,148	3,132,244	25
OPERATING RESERVES	328,352	495,714	566,360	536,714	979,237	26
ACCUM. DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION	7,988,712	6,997,187	6,194,066	4,992,020	4,023,032	27
ACCUM. DEFERRED INCOME TAXES - OTHER	521,963	311,936	276,214	268,930	306,955	28
TOTAL LIABILITIES AND OTHER CREDITS	$ 97,700,387	$ 92,503,756	$ 90,049,577	$ 87,326,397	$ 83,213,902	29
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS/CURRENT LIABILITIES	0.61	0.62	1.04	1.27	1.55	30
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	39.0	38.2	42.7	45.0	46.7	31
PREFERRED STOCK	5.5	6.1	6.1	6.4	6.6	32
COMMON STOCK & OTHER PAID-IN CAPITAL	32.0	32.9	30.7	30.4	30.1	33
RETAINED EARNINGS	23.2	22.7	20.4	18.0	16.3	34
LONG TERM DEBT % OF GROSS UTILITY PLANT	21.0	21.0	24.7	27.9	30.4	35
ACCUM. PROV. FOR DEPR & AMORT. %OF UTIL. PLT	30.9	30.7	34.7	33.3	30.9	36

ALLTEL NEW YORK, INC
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
			SOURCES OF FUNDS			
	INTERNAL					
1	NET INCOME	$ 5,090,336	$ 6,687,143	$ 5,706,703	$ 3,356,622	$ 3,135,093
2	DEPRECIATION AND AMORTIZATION	7,295,612	6,998,934	7,129,915	7,079,545	6,290,037
3	DEFERRED INCOME TAXES (NET)	821,844	1,306,651	1,557,080	1,348,295	1,308,153
4	INTEREST CAPITALIZED	316,074-	290,373-	245,825-	181,229-	165,955-
5	OTHER (NET)	260,601	235,097	230,225	220,422	197,706
6	SUBTOTAL	13,152,319	14,937,452	14,378,098	11,823,655	10,765,034
7	EXTRAORDINARY ITEMS	-	22,909	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	13,152,319	14,960,361	14,378,098	11,823,655	10,765,034
9	LESS DIVIDENDS PREFERRED	366,250	382,083	406,823	430,571	454,323
	COMMON	3,923,172	5,780,133	3,771,360	1,901,394	1,725,921
11	NET FUNDS - INTERNAL SOURCES	8,862,897	8,798,145	10,199,915	9,491,690	8,584,790
	EXTERNAL					
12	LONG TERM DEBT	4,000,000	-	-	-	3,500,000
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	2,120,967	6,052,410	2,096,612	33,662	31,995
17	OTHER (NET)	-	-	-	-	-
18	TOTAL FUNDS - EXTERNAL SOURCES	6,120,967	6,052,410	2,096,612	33,662	3,531,995
	OTHER SOURCES					
19	NET DECREASE IN WORKING CAPITAL	-	519,385	29,021	-	-
20	OTHER	363,589	257,473	70,949-	427,160	711,218
21	TOTAL FUNDS PROVIDED	$ 15,347,453	$ 15,627,413	$ 12,254,599	$ 9,952,512	$ 12,828,003
			USES OF FUNDS			
	CONSTRUCTION EXPENDITURES					
22	TELEPHONE PLANT	$ 11,941,801	$ 10,811,086	$ 10,375,274	$ 7,912,684	$ 7,996,743
23	NON-UTILITY PLANT	-	-	-	-	-
24	OTHER	-	-	-	-	-
25	TOTAL CONSTRUCTION	11,941,801	10,811,086	10,375,274	7,912,684	7,996,743
26	LESS INTEREST CAPITALIZED	316,074	290,373	245,825	181,229	165,955
27	TOTAL EXCLUDING INTEREST CAPITALIZED	11,625,727	10,520,713	10,129,449	7,731,455	7,830,788
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	2,723,000	4,856,700	1,875,150	1,518,651	3,016,149
29	PREFERRED STOCK	250,000	250,000	250,000	250,000	250,000
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	-	-	-	-
32	OTHER (NET)	-	-	-	-	-
33	TOTAL RETIREMENT OF SECURITIES	2,973,000	5,106,700	2,125,150	1,768,651	3,266,149
	OTHER USES					
34	NET INCREASE IN WORKING CAPITAL	748,726	-	-	452,406	1,731,066
35	OTHER	-	-	-	-	-
36	TOTAL FUNDS APPLIED	$ 15,347,453	$ 15,627,413	$ 12,254,599	$ 9,952,512	$ 12,828,003

ALLTEL NEW YORK, INC
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM		1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS							
TELEPHONE OPERATING INCOME							
OPERATING REVENUES	$	40,165,542 $	43,201,793 $	42,997,510 $	39,474,530 $	36,914,363	1
OPERATION AND MAINTENANCE EXPENSE		16,681,068	16,533,461	16,335,516	17,274,387	16,470,081	2
EXTRAORDINARY RETIREMENTS		-	-	-	-	-	3
DEPRECIATION		7,322,510	6,965,826	7,110,434	7,044,124	6,297,160	4
AMORTIZATION		-	-	-	-	-	5
TAXES OTHER THAN INCOME TAXES-OPERATING		4,989,105	4,909,660	4,976,540	5,117,850	4,875,366	6
INCOME TAXES-OPERATING		2,332,639	4,662,595	4,664,376	2,609,768	1,895,129	7
OPERATING INCOME TAXES DEFERRED		1,558,370	1,504,625	1,489,909	1,329,670	1,196,096	8
INCOME TAXES DEFERRED IN PRIOR YEARS-CR		766,511-	830,759-	284,349-	408,488-	407,044-	9
TOTAL OPERATING EXPENSES		32,117,181	33,745,408	34,292,426	32,967,311	30,326,788	10
TOTAL TELEPHONE OPERATING INCOME		8,048,361	9,456,385	8,705,084	6,507,219	6,587,575	11
OTHER INCOME							
DIVIDEND INCOME		-	-	-	-	-	12
INTEREST INCOME		117,264	129,352	101,852	87,228	30,229	13
ALLOWANCE FOR CONSTRUCTION FUNDS		316,074	290,373	245,825	181,229	165,955	14
INCOME FROM SINKING AND OTHER FUNDS		-	-	-	-	-	15
INCOME FROM MISC PHYSICAL PROPERTY		-	-	-	-	-	16
MISCELLANEOUS INCOME		202,660	54,422	4,475	101,023	127,032-	17
TOTAL OTHER INCOME		635,998	474,147	352,152	369,480	69,152	18
TOTAL INCOME		8,684,359	9,930,532	9,057,236	6,876,699	6,656,727	19
INCOME DEDUCTIONS							
TAXES OTHER THAN INC TAXES-NONOPERATING		38,167	34,383	62,799	33,647	18,683	20
INCOME TAXES-NONOPERATING		100,114-	142,753-	173,738-	107,363-	157,160-	21
MISCELLANEOUS INCOME CHARGES		65,996	33,582	33,266	49,424	36,238	22
TOTAL INCOME DEDUCTIONS		4,049	74,788-	77,673-	24,292-	102,239-	23
INCOME BEFORE INTEREST CHARGES		8,680,310	10,005,320	9,134,909	6,900,991	6,758,966	24
INTEREST CHARGES							
INTEREST ON LONG-TERM DEBT		2,900,778	3,113,573	3,300,937	3,472,856	3,291,401	25
AMORT OF DEBT DISCOUNT AND EXPENSE		34,011	33,108	37,481	40,764	39,091	26
AMORT OF PREMIUM ON DEBT-CREDIT		-	-	-	-	-	27
INTEREST ON DEBT TO ASSOCIATED COMPANIES		-	-	-	-	-	28
OTHER INTEREST EXPENSE		655,185	166,462	86,959	30,045	247,137	29
TOTAL INTEREST CHARGES		3,589,974	3,313,143	3,425,377	3,543,665	3,577,629	30
INCOME BEFORE EXTRAORDINARY/DELAYED ITEMS		5,090,336	6,692,177	5,709,532	3,357,326	3,181,337	31
EXTRAORDINARY & DELAYED ITEMS - NET LESS TAX EFFECT		-	17,874	2,828-	704-	46,244-	32
NET INCOME	$	5,090,336 $	6,710,051 $	5,706,704 $	3,356,622 $	3,135,093	33
RETAINED EARNINGS							
BEGINNING OF YEAR	$	14,594,429 $	14,049,198 $	12,523,283 $	11,501,233 $	10,548,987	34
TRANSFERRED FROM INCOME		5,090,336	6,710,051	5,706,703	3,356,622	3,135,093	35
MISCELLANEOUS CREDITS		-	-	-	-	-	36
MISCELLANEOUS DEBITS		2,605	2,605	2,605	2,605	2,605	37
APPROPRIATIONS		-	-	-	-	-	38
DIVIDENDS DECLARED-PREFERRED STOCK		366,250	382,083	406,823	430,573	454,323	39
-COMMON STOCK		3,923,172	5,780,133	3,771,360	1,901,394	1,725,921	40
BALANCE END OF YEAR		15,392,738	14,594,429	14,049,198	12,523,283	11,501,231	41
APPROPRIATED RETAINED EARNINGS		-	-	-	-	-	42
TOTAL END OF YEAR	$	15,392,738 $	14,594,429 $	14,049,198 $	12,523,283 $	11,501,231	43
SELECTED INCOME ACCOUNT RELATIONSHIPS							
NET INCOME-PERCENT OF OPERATING REVENUES		12.6	15.5	13.2	8.5	8.4	44
PRETAX COVERAGE OF INTEREST CHARGES		3.2	4.5	4.3	2.9	2.5	45
COMMON STOCK DIVIDENDS AS A % OF EARNINGS		83.0	91.3	71.1	64.9	64.3	46
RETURN ON COMMON EQUITY		13.0	17.8	15.3	8.8	8.3	47

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ALLTEL NEW YORK, INC
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	TELEPHONE OPERATING REVENUES					
1	LOCAL REVENUES	$ 22,654,449	$ 24,487,713	$ 23,954,833	$ 20,989,656	$ 18,915,557
2	ACCESS REVENUES	10,514,900	10,636,553	8,757,571	-	-
3	TOLL REVENUES	3,712,958	4,450,028	5,875,112	13,070,983	16,082,441
4	MISCELLANEOUS REVENUES	3,436,535	3,795,199	4,549,794	5,553,916	2,102,065
5	UNCOLLECTIBLE REVENUES-DR	153,300	167,800	139,800	140,025	185,700
6	TOTAL OPERATING REVENUES	$ 40,165,542	$ 43,201,793	$ 42,997,510	$ 39,474,530	$ 36,914,363
7	ACCESS LINES IN SERVICE	79,859	77,733	76,550	74,927	71,464
	TELEPHONE OPERATING REVENUE RELATIONSHIPS					
	REVENUE PER AVERAGE ACCESS LINE*					
8	LOCAL REVENUE	$ 287.51	$ 317.44	$ 316.28	$ 286.76	$ 266.80
9	ACCESS REVENUE	133.44	137.88	115.63		
10	TOLL REVENUE	47.12	57.69	77.57	178.58	226.84

*YEAR END AVERAGE

LINE NO	ITEM	1987	1986	1985	1984	1983
	OPERATION AND MAINTENANCE EXPENSES					
11	MAINTENANCE EXPENSES	$ 6,644,537	$ 6,765,739	$ 6,480,307	$ 6,178,463	$ 5,935,798
12	DEPRECIATION & AMORTIZATION	7,322,510	6,965,826	7,110,434	7,044,124	6,297,160
13	TRAFFIC EXPENSES	1,389,982	1,579,173	1,619,971	1,907,659	1,587,588
14	COMMERCIAL EXPENSES	2,476,538	2,379,973	2,815,627	3,494,310	3,109,578
15	ACCESS EXPENSES	-	-	-	-	-
16	GENERAL OFFICE SALARIES & EXPENSES	4,744,312	4,911,036	4,229,334	4,113,472	3,539,062
17	OTHER OPERATING EXPENSES	1,425,699	897,540	1,190,277	1,580,483	2,298,055
18	TOTAL O & M EXPENSES	$ 24,003,578	$ 23,499,287	$ 23,445,950	$ 24,318,511	$ 22,767,241

ALLTEL NEW YORK, INC
DISTRIBUTION OF TELEPHONE REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
REVENUES	$ 40,165,542	$ 43,201,793	$ 42,997,510	$ 39,474,530	$ 36,914,363	1
ACCESS LINES - AVERAGE*	78,796	77,142	75,739	73,196	70,897	2
			DOLLAR AMOUNTS			
WAGES AND BENEFITS	$ 5,098,526	$ 6,311,380	$ 5,999,112	$ 6,736,158	$ 7,215,564	3
OTHER OPERATION AND MAINTENANCE EXPENSES	11,582,542	10,222,081	10,336,404	10,538,229	9,254,517	4
DEPRECIATION AND AMORTIZATION EXPENSES	7,322,510	6,965,826	7,110,434	7,044,124	6,297,160	5
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	6
INCOME TAXES - OPERATING	3,124,498	5,336,461	5,869,936	3,530,950	2,684,181	7
OTHER TAXES - OPERATING	4,989,105	4,909,660	4,976,540	5,117,850	4,875,366	8
INTEREST CHARGES **	3,465,386	3,229,124	3,357,752	3,474,067	3,562,158	9
PREFERRED DIVIDENDS**	350,520	370,321	394,117	416,284	432,503	10
EARNINGS AVAILABLE FOR COMMON EQUITY	4,232,455	5,856,940	4,953,215	2,616,868	2,592,914	11
TOTAL	$ 40,165,542	$ 43,201,793	$ 42,997,510	$ 39,474,530	$ 36,914,363	12
			PERCENT OF REVENUES			
WAGES AND BENEFITS	12.7	14.6	14.0	17.1	19.5	13
OTHER OPERATION AND MAINTENANCE EXPENSES	28.8	23.7	24.0	26.7	25.1	14
DEPRECIATION AND AMORTIZATION EXPENSES	18.2	16.1	16.5	17.8	17.1	15
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	16
INCOME TAXES - OPERATING	7.8	12.4	13.7	8.9	7.3	17
OTHER TAXES - OPERATING	12.4	11.4	11.6	13.0	13.2	18
INTEREST CHARGES**	8.6	7.5	7.8	8.8	9.6	19
PREFERRED DIVIDENDS **	0.9	0.9	0.9	1.1	1.2	20
EARNINGS AVAILABLE FOR COMMON EQUITY	10.5	13.6	11.5	6.6	7.0	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
			DOLLARS PER AVERAGE ACCESS LINE PER MONTH			
WAGES AND BENEFITS	$ 5.39	$ 6.82	$ 6.60	$ 7.67	$ 8.48	23
OTHER OPERATION AND MAINTENANCE EXPENSES	12.25	11.04	11.37	12.00	10.88	24
DEPRECIATION AND AMORTIZATION EXPENSES	7.74	7.52	7.82	8.02	7.40	25
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	26
INCOME TAXES - OPERATING	3.30	5.76	6.46	4.02	3.16	27
OTHER TAXES - OPERATING	5.28	5.30	5.48	5.83	5.73	28
						29
INTEREST CHARGES **	3.66	3.49	3.69	3.96	4.19	
PREFERRED DIVIDENDS **	0.37	0.40	0.43	0.47	0.51	30
EARNINGS AVAILABLE FOR COMMON EQUITY	4.48	6.33	5.45	2.98	3.05	31
TOTAL	$ 42.48	$ 46.67	$ 47.31	$ 44.94	$ 43.39	32

* YEAR END AVERAGE

**NET OF AFC

ARMSTRONG TELEPHONE COMPANY
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF TELEPHONE PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	TELEPHONE PLANT	$ 4,113,036	$ 4,038,894	$ 3,955,911	$ 3,388,156	$ 3,273,081
2	ACCUM PROV FOR DEPR & AMORT	1,550,460	1,455,210	1,320,655	1,407,828	1,261,516
3	NET TELEPHONE PLANT	2,562,576	2,583,684	2,635,256	1,980,328	2,011,565
4	INVESTMENTS IN AFFILIATED COMPANIES	-	-	-	-	-
5	ADVANCES TO AFFILIATED COMPANIES	-	-	-	-	-
6	MISCELLANEOUS PHYSICAL PROPERTY	-	-	-	-	-
7	OTHER INVESTMENTS AND FUNDS	-	-	-	-	-
8	TOTAL INVESTMENTS AND FUNDS	-	-	-	-	-
9	CASH AND WORKING FUNDS	3,338	2,831	7,794	8,500	18,351
10	SPECIAL CASH DEPOSITS	50	50	50	50	50
11	TEMPORARY CASH INVESTMENTS	219,366	264,343	82,565	462,462	403,836
12	NOTES & ACCT'S REC -AFFILIATED CO'S	2,744	81,099	790	-	3,058
13	OTHER NOTES AND ACCOUNTS RECEIVABLE	82,363	150,392	172,197	118,922	13,434
14	DUE - CUST & AGENTS LESS ACCUM PROV - UNCOLLECTIBLE ACCTS	186,267	167,275	142,608	109,413	136,289
15	MATERIALS AND SUPPLIES	42,998	30,399	33,632	25,222	37,139
16	MERCH AND MATERIAL HELD FOR SALE	1,663	1,101	321	192	631
17	PREPAYMENTS	77,636	83,110	49,403	48,652	82,688
18	OTHER CURRENT AND ACCRUED ASSETS	564,974	491,273	415,221	354,287	287,838
19	TOTAL CURRENT AND ACCRUED ASSETS	1,181,399	1,271,873	904,581	1,127,700	983,314
20	UNAMORTIZED DEBT DISCOUNT AND EXPENSE	19,971	21,086	22,202	23,318	24,434
21	EXTRAORDINARY MAINTENANCE & RETIREMENTS	-	-	-	-	-
22	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
23	OTHER DEFERRED DEBITS	-	-	-	-	2,173
24	TOTAL DEFERRED DEBITS	19,971	21,086	22,202	23,318	26,607
25	TOTAL ASSETS AND OTHER DEBITS	3,763,946	$ 3,876,643	$ 3,562,039	$ 3,131,346	$ 3,021,486
	TELEPHONE PLANT					
26	PLANT IN SERVICE	$ 4,079,377	$ 4,032,561	$ 3,939,407	$ 3,383,354	$ 3,264,348
27	PLANT UNDER CONSTRUCTION	33,659	6,333	16,504	4,802	8,733
28	PROPERTY HELD FOR FUTURE USE	-	-	-	-	-
29	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
30	PLANT ADJUSTMENTS	-	-	-	-	-
31	TOTAL TELEPHONE UTILITY PLANT	4,113,036	4,038,894	3,955,911	3,388,156	3,273,081
32	ACCUM PROV FOR DEPR AND AMORT	1,550,460	1,455,210	1,320,655	1,407,828	1,261,516
33	NET TELEPHONE PLANT	2,562,576	2,583,684	2,635,256	1,980,328	2,011,565
	PLANT IN SERVICE					
34	BEGINNING OF YEAR	4,032,561	3,939,407	3,383,354	3,264,348	3,178,264
35	ADDITIONS	166,320	172,802	834,219	160,700	118,968
36	RETIREMENTS	46,099	79,648	278,166	41,694	32,778
37	TRANSFERS AND ADJUSTMENTS	73,405-	-	-	-	106-
38	END OF YEAR	$ 4,079,377	$ 4,032,561	$ 3,939,407	$ 3,383,354	$ 3,264,348

ARMSTRONG TELEPHONE COMPANY
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 243,000	$ 243,000	$ 243,000	$ 243,000	$ 243,000	1
PREFERRED CAPITAL STOCK	-	-	-	-	-	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	21,000	21,000	21,000	21,000	21,000	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	1,024,963	928,717	780,445	659,955	602,073	9
TOTAL PROPRIETARY CAPITAL	1,288,963	1,192,717	1,044,445	923,955	866,073	10
BONDS(LESS BONDS REACQUIRED)	1,734,127	1,795,197	1,682,168	1,613,351	1,666,124	11
ADVANCES FROM AFFILIATED COMPANIES	-	-	-	-	-	12
OTHER LONG-TERM DEBT	-	-	-	-	-	13
TOTAL LONG-TERM DEBT	1,734,127	1,795,197	1,682,168	1,613,351	1,666,124	14
NOTES & ACCTS PAY TO AFFILIATED CO'S	23,994	86,147	33,962	28,269	12,662	15
OTHER NOTES AND ACCOUNTS PAYABLE	77,499	213,093	302,141	185,299	142,008	16
CUSTOMERS' DEPOSITS	-	-	-	10,195	10,100	17
ADVANCE BILLING AND PAYMENTS	39,794	36,368	32,634	28,823	27,314	18
TAXES ACCRUED	2,931	2,203	3,783	2,320	8,789	19
OTHER CURRENT AND ACCRUED LIABILITIES	53,068	61,982	34,109	43,968	45,647	20
TOTAL CURRENT AND ACCRUED LIABILITIES	197,286	399,793	406,629	298,874	246,520	21
UNAMORTIZED PREMIUM ON DEBT	-	-	-	-	-	22
ACCUM. DEFERRED INVESTMENT TAX CREDITS	139,005	149,930	160,855	107,984	104,101	23
OTHER DEFERRED CREDITS	-	133	-	-	-	24
TOTAL DEFERRED CREDITS	139,005	150,063	160,855	107,984	104,101	25
OPERATING RESERVES	-	-	-	-	-	26
ACCUM. DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION	404,565	338,873	267,942	187,182	138,668	27
ACCUM. DEFERRED INCOME TAXES - OTHER	-	-	-	-	-	28
TOTAL LIABILITIES AND OTHER CREDITS	$ 3,763,946	$ 3,876,643	$ 3,562,039	$ 3,131,346	$ 3,021,486	29
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS/CURRENT LIABILITIES	5.99	3.18	2.22	3.77	3.99	30
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	57.3	60.0	61.6	63.5	65.7	31
PREFERRED STOCK	-	-	-	-	-	32
COMMON STOCK & OTHER PAID-IN CAPITAL	8.7	8.8	9.6	10.4	10.4	33
RETAINED EARNINGS	33.9	31.0	28.6	26.0	23.7	34
LONG TERM DEBT % OF GROSS UTILITY PLANT	42.1	44.4	42.5	47.6	50.9	35
ACCUM. PROV. FOR DEPR. & AMORT. %OF UTIL. PLT	37.6	36.0	33.3	41.5	38.5	36

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ARMSTRONG TELEPHONE COMPANY
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
			SOURCES OF FUNDS			
	INTERNAL					
1	NET INCOME	$ 96.246	$ 148.273	$ 120.490	$ 106.482	$ 95.273
2	DEPRECIATION AND AMORTIZATION	214.901	208.949	188.013	181.437	148.055
3	DEFERRED INCOME TAXES (NET)	54.634	60.139	133.631	52.397	20.813
4	INTEREST CAPITALIZED	-	-	-	-	-
5	OTHER (NET)	-	-	-	-	-
6	SUBTOTAL	365.781	417.361	442.134	340.316	264.141
7	EXTRAORDINARY ITEMS	-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	365.781	417.361	442.134	340.316	264.141
9	LESS DIVIDENDS PREFERRED	-	-	-	-	-
	COMMON	-	-	-	48.600	97.200
11	NET FUNDS - INTERNAL SOURCES	365.781	417.361	442.134	291.716	166.941
	EXTERNAL					
12	LONG TERM DEBT	-	113.029	68.817	-	-
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	-	-	-	-	-
17	OTHER (NET)	-	-	-	-	-
18	TOTAL FUNDS - EXTERNAL SOURCES	-	113.029	68.817	-	-
	OTHER SOURCES					
19	NET DECREASE IN WORKING CAPITAL	-	-	215	-	12,646
20	OTHER	4.714	13,061	334.755	43.894	10,303
21	TOTAL FUNDS PROVIDED	$ 370.495	$ 543.451	$ 845,921	$ 335.610	$ 189.890
			USES OF FUNDS			
	CONSTRUCTION EXPENDITURES					
22	TELEPHONE PLANT	$ 193.646	$ 162,631	$ 845.921	$ 156,769	$ 95.974
23	NON UTILITY PLANT	-	-	-	-	-
24	OTHER	-	-	-	-	-
25	TOTAL CONSTRUCTION	193.646	162.631	845.921	156,769	95,974
26	LESS INTEREST CAPITALIZED	-	-	-	-	-
27	TOTAL EXCLUDING INTEREST CAPITALIZED	193.646	162.631	845.921	156.769	95,974
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	61,070	-	-	52,773	51,371
29	PREFERRED STOCK	-	-	-	-	-
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	-	-	-	-
32	OTHER (NET)	-	-	-	-	-
33	TOTAL RETIREMENT OF SECURITIES	61,070	-	-	52,773	51,371
	OTHER USES					
34	NET INCREASE IN WORKING CAPITAL	117,507	340,421	-	126,068	-
35	OTHER	1,728-	40.399	-	-	42,545
36	TOTAL FUNDS APPLIED	$ 370.495	$ 543.451	$ 845,921	$ 335,610	$ 189,890

ARMSTRONG TELEPHONE COMPANY
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
TELEPHONE OPERATING INCOME						
OPERATING REVENUES	$ 1,440,511	$ 1,466,213	$ 1,307,516	$ 1,253,704	$ 1,246,160	1
OPERATION AND MAINTENANCE EXPENSE	787,030	763,439	766,950	731,877	710,058	2
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	3
DEPRECIATION	193,034	188,365	170,854	165,009	129,568	4
AMORTIZATION	-	-	-	-	-	5
TAXES OTHER THAN INCOME TAXES-OPERATING	178,615	156,541	143,744	140,132	168,378	6
INCOME TAXES-OPERATING	41,123	64,110	8,147-	22,184	34,579	7
OPERATING INCOME TAXES DEFERRED	53,905	73,340	80,760	50,359	36,620	8
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	1,185-	2,408-	-	1,846-	10,028-	9
TOTAL OPERATING EXPENSES	1,252,522	1,243,387	1,154,161	1,107,715	1,069,175	10
TOTAL TELEPHONE OPERATING INCOME	187,989	222,826	153,355	145,989	176,985	11
OTHER INCOME						
DIVIDEND INCOME	-	-	-	-	-	12
INTEREST INCOME	17,736	13,168	32,036	44,773	35,641	13
ALLOWANCE FOR CONSTRUCTION FUNDS	-	-	-	-	-	14
INCOME FROM SINKING AND OTHER FUNDS	-	-	-	-	-	15
INCOME FROM MISC. PHYSICAL PROPERTY	-	-	-	-	-	16
MISCELLANEOUS INCOME	10,925	10,925	9,348	3,630	7,986	17
TOTAL OTHER INCOME	28,661	24,093	41,384	48,403	43,627	18
TOTAL INCOME	216,650	246,919	194,739	194,392	220,612	19
INCOME DEDUCTIONS						
TAXES OTHER THAN INC. TAXES-NONOPERATING	-	-	-	-	-	20
INCOME TAXES-NONOPERATING	6,751	746	-	20,378	16,297	21
MISCELLANEOUS INCOME CHARGES	39,890	26,054	9,948	4,525	39,315	22
TOTAL INCOME DEDUCTIONS	46,641	26,800	9,948	24,903	55,612	23
INCOME BEFORE INTEREST CHARGES	170,009	220,119	184,791	169,489	165,000	24
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	65,334	63,628	56,023	55,416	56,850	25
AMORT. OF DEBT DISCOUNT AND EXPENSE	1,116	1,116	1,116	1,116	1,116	26
AMORT. OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	27
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	28
OTHER INTEREST EXPENSE	7,313	7,102	7,162	6,475	4,428	29
TOTAL INTEREST CHARGES	73,763	71,846	64,301	63,007	62,394	30
INCOME BEFORE EXTRAORDINARY/DELAYED ITEMS	96,246	148,273	120,490	106,482	102,606	31
EXTRAORDINARY & DELAYED ITEMS - NET LESS TAX EFFECT	-	-	-	-	7,333-	32
NET INCOME	$ 96,246	$ 148,273	$ 120,490	$ 106,482	$ 95,273	33
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 928,717	$ 780,444	$ 659,955	$ 602,073	$ 604,000	34
TRANSFERRED FROM INCOME	96,246	148,273	120,490	106,482	95,273	35
MISCELLANEOUS CREDITS	-	-	-	-	-	36
MISCELLANEOUS DEBITS	-	-	-	-	-	37
APPROPRIATIONS	-	-	-	-	-	38
DIVIDENDS DECLARED-PREFERRED STOCK	-	-	-	-	-	39
-COMMON STOCK	-	-	-	48,600	97,200	40
BALANCE END OF YEAR	1,024,963	928,717	780,445	659,955	602,073	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 1,024,963	$ 928,717	$ 780,445	$ 659,955	$ 602,073	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME-PERCENT OF OPERATING REVENUES	6.6	10.1	9.2	8.4	7.6	44
PRETAX COVERAGE OF INTEREST CHARGES	3.5	4.8	3.9	4.1	3.8	45
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	-	-	-	45.6	102.0	46
RETURN ON COMMON EQUITY	7.7	13.2	12.2	11.8	10.9	47

ARMSTRONG TELEPHONE COMPANY
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	TELEPHONE OPERATING REVENUES					
1	LOCAL REVENUES	$ 375,759	$ 361,318	$ 347,096	$ 337,973	$ 332,724
2	ACCESS REVENUES	419,694	508,062	365,720	-	-
3	TOLL REVENUES	521,476	481,163	491,697	868,909	871,491
4	MISCELLANEOUS REVENUES	137,410	118,702	113,313	49,125	44,259
5	UNCOLLECTIBLE REVENUES-DR	13,828	3,032	10,310	2,303	2,314
6	TOTAL OPERATING REVENUES	$ 1,440,511	$ 1,466,213	$ 1,307,516	$ 1,253,704	$ 1,246,160
7	ACCESS LINES IN SERVICE	2,797	2,728	2,679	2,607	2,579
	TELEPHONE OPERATING REVENUE RELATIONSHIPS					
	REVENUE PER AVERAGE ACCESS LINE*					
8	LOCAL REVENUE	$ 136.02	$ 133.65	$ 131.33	$ 130.34	$ 129.41
9	ACCESS REVENUE	151.93	187.93	138.37		
10	TOLL REVENUE	188.77	177.98	186.04	335.10	338.97

*YEAR END AVERAGE

LINE NO	ITEM	1987	1986	1985	1984	1983
	OPERATION AND MAINTENANCE EXPENSES					
11	MAINTENANCE EXPENSES	$ 216,356	$ 222,614	$ 198,894	$ 195,299	$ 188,866
12	DEPRECIATION & AMORTIZATION	193,034	188,365	170,854	165,009	129,568
13	TRAFFIC EXPENSES	32,389	35,984	62,850	52,135	10,574
14	COMMERCIAL EXPENSES	42,746	43,673	36,033	39,759	41,582
15	ACCESS EXPENSES	-	-	-	-	-
16	GENERAL OFFICE SALARIES & EXPENSES	297,885	277,692	290,902	278,018	298,099
17	OTHER OPERATING EXPENSES	197,654	182,476	178,271	166,666	170,937
18	TOTAL O & M EXPENSES	$ 980,064	$ 951,804	$ 937,804	$ 896,886	$ 839,626

ARMSTRONG TELEPHONE COMPANY
DISTRIBUTION OF TELEPHONE REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
REVENUES	$ 1,440,511	$ 1,466,213	$ 1,307,516	$ 1,253,704	$ 1,246,160	1
ACCESS LINES - AVERAGE*	2,763	2,704	2,643	2,593	2,571	2
			DOLLAR AMOUNTS			
WAGES AND BENEFITS	$ 331,907	$ 267,228	$ 332,639	$ 337,157	$ 372,695	3
OTHER OPERATION AND MAINTENANCE EXPENSES	455,123	496,211	434,311	394,720	337,363	4
DEPRECIATION AND AMORTIZATION EXPENSES	193,034	188,365	170,854	165,009	129,568	5
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	6
INCOME TAXES - OPERATING	93,843	135,042	72,613	70,697	61,171	7
OTHER TAXES - OPERATING	178,615	156,541	143,744	140,132	168,378	8
INTEREST CHARGES **	73,763	71,846	64,301	63,007	62,394	9
PREFERRED DIVIDENDS**	-	-	-	-	-	10
EARNINGS AVAILABLE FOR COMMON EQUITY	114,226	150,980	89,054	82,982	114,591	11
TOTAL	$ 1,440,511	$ 1,466,213	$ 1,307,516	$ 1,253,704	$ 1,246,160	12
			PERCENT OF REVENUES			
WAGES AND BENEFITS	23.0	18.2	25.4	26.9	29.9	13
OTHER OPERATION AND MAINTENANCE EXPENSES	31.6	33.8	33.2	31.5	27.1	14
DEPRECIATION AND AMORTIZATION EXPENSES	13.4	12.8	13.1	13.2	10.4	15
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	16
INCOME TAXES - OPERATING	6.5	9.2	5.6	5.6	4.9	17
OTHER TAXES - OPERATING	12.4	10.7	11.0	11.2	13.5	18
INTEREST CHARGES**	5.1	4.9	4.9	5.0	5.0	19
PREFERRED DIVIDENDS **	-	-	-	-		20
EARNINGS AVAILABLE FOR COMMON EQUITY	7.9	10.3	6.8	6.6	9.2	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
			DOLLARS PER AVERAGE ACCESS LINE PER MONTH			
WAGES AND BENEFITS	$ 10.01	$ 8.24	$ 10.49	$ 10.84	$ 12.08	23
OTHER OPERATION AND MAINTENANCE EXPENSES	13.73	15.30	13.69	12.69	10.93	24
DEPRECIATION AND AMORTIZATION EXPENSES	5.82	5.81	5.39	5.30	4.20	25
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	26
INCOME TAXES - OPERATING	2.83	4.16	2.29	2.27	1.98	27
OTHER TAXES - OPERATING	5.39	4.83	4.53	4.50	5.46	28
INTEREST CHARGES **	2.23	2.21	2.03	2.02	2.02	29
PREFERRED DIVIDENDS **	-	-	-	-	-	30
EARNINGS AVAILABLE FOR COMMON EQUITY	3.45	4.65	2.81	2.67	3.71	31
TOTAL	$ 43.45	$ 45.19	$ 41.23	$ 40.29	$ 40.39	32

* YEAR END AVERAGE

**NET OF AFC

AT&T COMMUNICATIONS OF NEW YORK, INC
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF TELEPHONE PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO.	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	TELEPHONE PLANT	$ 1,056,222,944	$ 994,328,379	$ 938,214,599	$ 897,765,255	-
2	ACCUM PROV FOR DEPR & AMORT	325,526,272	278,815,526	230,616,784	203,315,934	-
3	NET TELEPHONE PLANT	730,696,672	715,512,853	707,597,815	694,449,321	-
4	INVESTMENTS IN AFFILIATED COMPANIES	-	-	-	-	-
5	ADVANCES TO AFFILIATED COMPANIES	-	-	-	-	-
6	MISCELLANEOUS PHYSICAL PROPERTY	1,696,846	1,246,697	1,246,697	3,193,671	-
7	OTHER INVESTMENTS AND FUNDS	-	-	-	-	-
8	TOTAL INVESTMENTS AND FUNDS	1,696,846	1,246,697	1,246,697	3,193,671	-
9	CASH AND WORKING FUNDS	40,356,843-	4,784,479-	420,391	23,694,643-	-
10	SPECIAL CASH DEPOSITS	-	-	-	-	-
11	TEMPORARY CASH INVESTMENTS	-	-	-	-	-
12	NOTES & ACCT'S REC -AFFILIATED CO'S	7,398,978	124,678,141	1,539,580	5,452,456	-
13	OTHER NOTES AND ACCOUNTS RECEIVABLE	274,413,278	292,573,693	394,810,477	280,782,121	-
14	DUE - CUST & AGENTS LESS ACCUM PROV - UNCOLLECTIBLE ACCTS	180,837,638	181,590,282	112,246,304	122,871,285	-
15	MATERIALS AND SUPPLIES	3,474,651	1,330,642	1,116,712	1,146,420	-
16	MERCH AND MATERIAL HELD FOR SALE	-	-	-	-	-
17	PREPAYMENTS	939,490	18,392,459	16,288,748	644,318	-
18	OTHER CURRENT AND ACCRUED ASSETS	-	-	-	-	-
19	TOTAL CURRENT AND ACCRUED ASSETS	426,707,192	613,780,738	526,422,212	387,201,957	-
20	UNAMORTIZED DEBT DISCOUNT AND EXPENSE	-	-	-	-	-
21	EXTRAORDINARY MAINTENANCE & RETIREMENTS	-	-	-	-	-
22	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
23	OTHER DEFERRED DEBITS	4,503,393	2,982,034	356,936	203,210-	-
24	TOTAL DEFERRED DEBITS	4,503,393	2,982,034	356,936	203,210-	-
25	TOTAL ASSETS AND OTHER DEBITS	1,163,604,103	$ 1,333,522,322	$ 1,235,623,660	$ 1,084,641,739	-
	TELEPHONE PLANT					
26	PLANT IN SERVICE	$ 1,001,544,703	$ 962,400,115	$ 897,869,027	$ 864,589,976	-
27	PLANT UNDER CONSTRUCTION	54,678,241	31,928,264	40,345,572	33,175,279	-
28	PROPERTY HELD FOR FUTURE USE	-	-	-	-	-
29	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
30	PLANT ADJUSTMENTS	-	-	-	-	-
31	TOTAL TELEPHONE UTILITY PLANT	1,056,222,944	994,328,379	938,214,599	897,765,255	-
32	ACCUM. PROV FOR DEPR AND AMORT	325,526,272	278,815,526	230,616,784	203,315,934	-
33	NET TELEPHONE PLANT	730,696,672	715,512,853	707,597,815	694,449,321	-
	PLANT IN SERVICE					
34	BEGINNING OF YEAR	962,400,115	897,869,027	864,589,976	841,663,351	-
35	ADDITIONS	69,152,847	85,272,091	72,396,056	58,784,790	-
36	RETIREMENTS	30,008,259	20,741,003	39,117,005	35,858,165	-
37	TRANSFERS AND ADJUSTMENTS	-	-	-	-	-
38	END OF YEAR	$ 1,001,544,703	$ 962,400,115	$ 897,869,027	$ 864,589,976	-

AT&T COMMUNICATIONS OF NEW YORK, INC
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 1,000	$ 1,000	$ 1,000	$ 1,000	-	1
PREFERRED CAPITAL STOCK	-	-	-	-	-	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	200,000,000	200,000,000	40,000,000	40,000,000	-	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	266,719,785	328,053,729	337,351,667	314,927,661	-	9
TOTAL PROPRIETARY CAPITAL	466,720,785	528,054,729	377,352,667	354,928,661	-	10
BONDS(LESS BONDS REACQUIRED)	-	-	-	-	-	11
ADVANCES FROM AFFILIATED COMPANIES	123,200,848	200,147,845	235,875,000	187,250,000	-	12
OTHER LONG-TERM DEBT	1,863,364	1,876,634	1,889,904	1,851,199	-	13
TOTAL LONG-TERM DEBT	125,064,212	202,024,479	237,764,904	189,101,199	-	14
NOTES & ACCTS PAY TO AFFILIATED CO'S	23,517,988	67,516,166	150,297,643	241,670,067	-	15
OTHER NOTES AND ACCOUNTS PAYABLE	308,184,298	291,204,489	233,981,014	124,862,555	-	16
CUSTOMERS' DEPOSITS	86,361	168,670	-	-	-	17
ADVANCE BILLING AND PAYMENTS	4,818,520	2,247,874	1,326,815	462,498	-	18
TAXES ACCRUED	38,385,802	59,123,782	58,960,984	14,614,823	-	19
OTHER CURRENT AND ACCRUED LIABILITIES	9,802,841	7,149,270	-	-	-	20
TOTAL CURRENT AND ACCRUED LIABILITIES	384,795,810	427,410,251	444,566,456	381,609,943	-	21
UNAMORTIZED PREMIUM ON DEBT	-	-	-	-	-	22
ACCUM. DEFERRED INVESTMENT TAX CREDITS	34,800,792	31,024,181	32,979,771	36,844,193	-	23
OTHER DEFERRED CREDITS	1,045,615-	1,884,290-	457,260	201	-	24
TOTAL DEFERRED CREDITS	33,755,177	29,139,891	33,437,031	36,844,394	-	25
OPERATING RESERVES	582,015	561,398	967,187-	-	-	26
ACCUM. DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION	146,602,730	136,447,912	133,524,671	115,883,712	-	27
ACCUM. DEFERRED INCOME TAXES - OTHER	6,083,374	9,883,662	9,945,118	6,273,830	-	28
TOTAL LIABILITIES AND OTHER CREDITS	$ 1,163,604,103	$ 1,333,522,322	$ 1,235,623,660	$ 1,084,641,739	-	29
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS/CURRENT LIABILITIES	1.11	1.44	1.18	1.01	-	30
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	21.1	27.6	38.6	34.7	-	31
PREFERRED STOCK	-	-	-	-	-	32
COMMON STOCK & OTHER PAID-IN CAPITAL	33.7	27.3	6.5	7.3	-	33
RETAINED EARNINGS	45.0	44.9	54.8	57.8	-	34
LONG TERM DEBT % OF GROSS UTILITY PLANT	11.8	20.3	25.3	21.0	-	35
ACCUM. PROV. FOR DEPR & AMORT. %OF UTIL. PLT	30.8	28.0	24.5	22.6	-	36

203C

AT&T COMMUNICATIONS OF NEW YORK, INC
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL					
1	NET INCOME	$ 70,538,044	$ 79,505,115	$ 57,748,294	$ 44,306,124	-
2	DEPRECIATION AND AMORTIZATION	71,048,812	67,166,004	64,214,052	41,705,350	-
3	DEFERRED INCOME TAXES (NET)	10,000,724	768,359	17,853,529	14,861,834	-
4	INTEREST CAPITALIZED	1,515,099-	1,994,648-	777,104-	2,081,309-	-
5	OTHER (NET)	-	-	-	-	-
6	SUBTOTAL	150,072,481	145,444,830	139,038,771	98,791,999	-
7	EXTRAORDINARY ITEMS	2,175-	53-	4,288-	10,603-	-
8	TOTAL FUNDS - INTERNAL SOURCES	150,070,306	145,444,777	139,034,483	98,781,396	-
9	LESS DIVIDENDS PREFERRED	-	-	-	-	-
	COMMON	133,873,000	88,803,000	35,320,000	11,142,000	-
11	NET FUNDS - INTERNAL SOURCES	16,197,306	56,641,777	103,714,483	87,639,396	-
	EXTERNAL					
12	LONG TERM DEBT	-	-	48,663,705	-	-
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	-	-	-	-	-
17	OTHER (NET)	-	160,000,000	-	40,000,000	-
18	TOTAL FUNDS - EXTERNAL SOURCES	-	160,000,000	48,663,705	40,000,000	-
	OTHER SOURCES					
19	NET DECREASE IN WORKING CAPITAL	127,006,136	-	-	-	-
20	OTHER	24,604,464	-	-	1,677,356	-
21	TOTAL FUNDS PROVIDED	$ 167,807,906	$ 216,641,777	$ 152,378,188	$ 129,316,752	-
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
22	TELEPHONE PLANT	$ 91,902,823	$ 76,854,792	$ 79,566,349	$ 69,979,289	-
23	NON-UTILITY PLANT	-	-	-	-	-
24	OTHER	-	-	-	-	-
25	TOTAL CONSTRUCTION	91,902,823	76,854,792	79,566,349	69,979,289	-
26	LESS INTEREST CAPITALIZED	1,515,099	1,994,648	777,104	2,081,309	-
27	TOTAL EXCLUDING INTEREST CAPITALIZED	90,387,724	74,860,144	78,789,245	67,897,980	-
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	76,960,267	35,740,425	-	56,958,801	-
29	PREFERRED STOCK	-	-	-	-	-
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	-	-	1,000	-
32	OTHER (NET)	-	-	-	-	-
33	TOTAL RETIREMENT OF SECURITIES	76,960,267	35,740,425	-	56,959,801	-
	OTHER USES					
34	NET INCREASE IN WORKING CAPITAL	-	102,411,020	60,619,312	4,458,971	-
35	OTHER	459,915	3,630,188	12,969,631	-	-
36	TOTAL FUNDS APPLIED	$ 167,807,906	$ 216,641,777	$ 152,378,188	$ 129,316,752	-

AT&T COMMUNICATIONS OF NEW YORK, INC
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
TELEPHONE OPERATING INCOME						
OPERATING REVENUES	$ 1,932,707,896	$ 1,777,148,089	$ 1,877,464,960	$ 1,756,029,767	-	1
OPERATION AND MAINTENANCE EXPENSE	1,633,628,746	1,427,546,446	1,567,240,255	1,500,292,420	-	2
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	3
DEPRECIATION	71,048,812	67,166,004	64,214,052	41,705,350	-	4
AMORTIZATION	-	-	-	-	-	5
TAXES OTHER THAN INCOME TAXES-OPERATING	115,489,382	113,410,919	107,203,473	115,219,056	-	6
INCOME TAXES-OPERATING	22,362,449	73,035,860	44,314,506	22,035,596	-	7
OPERATING INCOME TAXES DEFERRED	21,170,139	28,890,407	35,934,836	25,846,509	-	8
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	14,815,611-	26,028,622-	14,622,589-	8,558,760-	-	9
TOTAL OPERATING EXPENSES	1,848,883,917	1,684,021,014	1,804,284,533	1,696,540,171	-	10
TOTAL TELEPHONE OPERATING INCOME	83,823,979	93,127,075	73,180,427	59,489,596	-	11
OTHER INCOME:						
DIVIDEND INCOME	-	-	-	-	-	12
INTEREST INCOME	1,209,630	8,294,379	47,369-	56,560	-	13
ALLOWANCE FOR CONSTRUCTION FUNDS	1,515,099	1,994,648	777,104	2,081,309	-	14
INCOME FROM SINKING AND OTHER FUNDS	-	-	-	-	-	15
INCOME FROM MISC. PHYSICAL PROPERTY	-	24	33-	-	-	16
MISCELLANEOUS INCOME	930,895-	2,553,230	3,530,224	7,810	-	17
TOTAL OTHER INCOME	1,793,835	12,842,281	4,259,926	2,145,679	-	18
TOTAL INCOME	85,617,814	105,969,356	77,440,353	61,635,275	-	19
INCOME DEDUCTIONS						
TAXES OTHER THAN INC. TAXES-NONOPERATING	90,536	125,866	6,808	-	-	20
INCOME TAXES-NONOPERATING	2,302,026	3,866,785	61,421-	196,881-	-	21
MISCELLANEOUS INCOME CHARGES	505,964	159,260	112,565	399,909	-	22
TOTAL INCOME DEDUCTIONS	2,898,526	4,151,911	57,952	203,028	-	23
INCOME BEFORE INTEREST CHARGES	82,719,288	101,817,445	77,382,401	61,432,247	-	24
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	-	-	-	-	-	25
AMORT. OF DEBT DISCOUNT AND EXPENSE	-	-	-	-	-	26
AMORT. OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	27
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	28
OTHER INTEREST EXPENSE	12,181,243	22,312,330	19,634,107	17,126,123	-	29
TOTAL INTEREST CHARGES	12,181,243	22,312,330	19,634,107	17,126,123	-	30
INCOME BEFORE EXTRAORDINARY/DELAYED ITEMS	70,538,044	79,505,115	57,748,294	44,306,124	-	31
EXTRAORDINARY & DELAYED ITEMS - NET LESS TAX EFFECT	2,175-	53-	4,288-	10,603-	-	32
NET INCOME	$ 70,535,869	$ 79,505,062	$ 57,744,006	$ 44,295,521	-	33
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 328,053,726	$ 337,351,667	$ 314,927,661	$ 293,385,352	-	34
TRANSFERRED FROM INCOME	70,535,869	79,505,062	57,744,006	44,295,521	-	35
MISCELLANEOUS CREDITS	2,012,956	-	-	-	-	36
MISCELLANEOUS DEBITS	9,766	-	-	11,611,212	-	37
APPROPRIATIONS	-	-	-	-	-	38
DIVIDENDS DECLARED-PREFERRED STOCK	-	-	-	-	-	39
-COMMON STOCK	133,873,000	88,803,000	35,320,000	11,142,000	-	40
BALANCE END OF YEAR	266,719,785	328,053,729	337,351,667	314,927,661	-	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 266,719,785	$ 328,053,729	$ 337,351,667	$ 314,927,661	-	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME-PERCENT OF OPERATING REVENUES	3.6	4.4	3.0	2.5	-	44
PRETAX COVERAGE OF INTEREST CHARGES	9.8	8.0	7.1	5.9	-	45
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	189.7	111.6	61.1	25.1	-	46
RETURN ON COMMON EQUITY	14.1	17.5	15.7	24.9	-	47

203E

AT&T COMMUNICATIONS OF NEW YORK, INC
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
				TELEPHONE OPERATING REVENUES		
1	LOCAL REVENUES	-	-	-	-	-
2	ACCESS REVENUES	-	-	-	-	-
3	TOLL REVENUES	1,873,586,893	1,706,522,570	1,799,445,157	1,731,414,347	-
4	MISCELLANEOUS REVENUES	103,623,720	100,155,499	86,477,139	62,964,451	-
5	UNCOLLECTIBLE REVENUES-DR	44,502,717	29,529,980	8,457,336	38,349,031	-
6	TOTAL OPERATING REVENUES	$ 1,932,707,896	$ 1,777,148,089	$ 1,877,464,960	$ 1,756,029,767	-
7	ACCESS LINES IN SERVICE**	-	-	-	-	-
				TELEPHONE OPERATING REVENUE RELATIONSHIPS		
	REVENUE PER AVERAGE ACCESS LINE*					
8	LOCAL REVENUE	-	-	-	-	-
9	ACCESS REVENUE	-	-	-		
10	TOLL REVENUE	-	-	-	-	-

*YEAR END AVERAGE

LINE NO	ITEM	1987	1986	1985	1984	1983
				OPERATION AND MAINTENANCE EXPENSES		
11	MAINTENANCE EXPENSES	$ 77,324,115	$ 80,530,228	$ 82,816,380	$ 89,601,515	-
12	DEPRECIATION & AMORTIZATION	71,048,812	67,166,004	64,214,052	41,705,350	-
13	TRAFFIC EXPENSES	82,918,087	89,276,910	77,181,707	70,073,918	-
14	COMMERCIAL EXPENSES	262,130,070	224,138,967	248,441,839	233,515,433	-
15	ACCESS EXPENSES	999,658,903	836,948,898	971,246,888	-	-
16	GENERAL OFFICE SALARIES & EXPENSES	108,990,302	84,995,909	66,108,660	57,688,105	-
17	OTHER OPERATING EXPENSES	102,607,269	111,655,534	121,444,781	1,049,413,449	-
18	TOTAL O & M EXPENSES	$ 1,704,677,558	$ 1,494,712,450	$ 1,631,454,307	$ 1,541,997,770	-

**AT&T COMMUNICATIONS OF NEW YORK, INC. DOES NOT HAVE ACCESS LINES

AT&T COMMUNICATIONS OF NEW YORK, INC.
DISTRIBUTION OF TELEPHONE REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
REVENUES	$ 1,932,707,896	$ 1,777,148,089	$ 1,877,464,960	$ 1,756,029,767	-	1
ACCESS LINES - AVERAGE*	-	-	-	-	-	2
DOLLAR AMOUNTS						
WAGES AND BENEFITS	$ 157,169,455	$ 175,250,934	$ 193,369,019	$ 182,246,968	-	3
OTHER OPERATION AND MAINTENANCE EXPENSES	1,476,459,291	1,252,295,512	1,373,871,236	1,318,045,452	-	4
DEPRECIATION AND AMORTIZATION EXPENSES	71,048,812	67,166,004	64,214,052	41,705,350	-	5
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	6
INCOME TAXES - OPERATING	28,716,977	75,897,645	65,626,753	39,323,345	-	7
OTHER TAXES - OPERATING	115,489,382	113,410,919	107,203,473	115,219,056	-	8
INTEREST CHARGES **	12,181,243	22,312,330	19,634,107	17,126,123	-	9
PREFERRED DIVIDENDS**	-	-	-	-	-	10
EARNINGS AVAILABLE FOR COMMON EQUITY	71,642,736	70,814,745	53,546,320	42,363,473	-	11
TOTAL	$ 1,932,707,896	$ 1,777,148,089	$ 1,877,464,960	$ 1,756,029,767	-	12
PERCENT OF REVENUES						
WAGES AND BENEFITS	8.1	9.9	10.3	10.4	-	13
OTHER OPERATION AND MAINTENANCE EXPENSES	76.4	70.5	73.2	75.1	-	14
DEPRECIATION AND AMORTIZATION EXPENSES	3.7	3.8	3.4	2.4	-	15
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	16
INCOME TAXES - OPERATING	1.5	4.3	3.5	2.2	-	17
OTHER TAXES - OPERATING	6.0	6.4	5.7	6.6	-	18
INTEREST CHARGES**	0.6	1.3	1.0	1.0	-	19
PREFERRED DIVIDENDS **	-	-	-	-	-	20
EARNINGS AVAILABLE FOR COMMON EQUITY	3.7	4.0	2.9	2.4	-	21
TOTAL	100.0	100.0	100.0	100.0	-	22
DOLLARS PER AVERAGE ACCESS LINE PER MONTH						
WAGES AND BENEFITS	-	-	-	-	-	23
OTHER OPERATION AND MAINTENANCE EXPENSES	-	-	-	-	-	24
DEPRECIATION AND AMORTIZATION EXPENSES	-	-	-	-	-	25
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	26
INCOME TAXES - OPERATING	-	-	-	-	-	27
OTHER TAXES - OPERATING	-	-	-	-	-	28
						29
INTEREST CHARGES **	-	-	-	-	-	
PREFERRED DIVIDENDS **	-	-	-	-	-	30
EARNINGS AVAILABLE FOR COMMON EQUITY	-	-	-	-	-	31
TOTAL	-	-	-	-	-	32

**AT&T COMMUNICATIONS OF NEW YORK, INC. DOES NOT HAVE ACCESS LINES

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AUSABLE VALLEY TELEPHONE COMPANY
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF TELEPHONE PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	TELEPHONE PLANT	$ 9,840,204	$ 10,014,704	$ 8,658,334	$ 7,898,124	$ 7,049,840
2	ACCUM PROV FOR DEPR & AMORT	3,270,502	3,212,559	2,869,601	2,778,044	2,397,347
3	NET TELEPHONE PLANT	6,569,702	6,802,145	5,788,733	5,120,080	4,652,493
4	INVESTMENTS IN AFFILIATED COMPANIES	-	-	-	-	-
5	ADVANCES TO AFFILIATED COMPANIES	-	-	-	-	-
6	MISCELLANEOUS PHYSICAL PROPERTY	56,360	9,679	9,716	11,686	6,231
7	OTHER INVESTMENTS AND FUNDS	208,750	208,750	208,750	208,750	208,750
8	TOTAL INVESTMENTS AND FUNDS	275,110	218,429	218,466	220,436	214,981
9	CASH AND WORKING FUNDS	226,133	50,174	59,655	21,229	104,850
10	SPECIAL CASH DEPOSITS	151	-	3,801	3,801	3,801
11	TEMPORARY CASH INVESTMENTS	7,912	7,360-	43,221	46,558	259,167
12	NOTES & ACCT'S REC -AFFILIATED CO'S	-	1,138	252,146	352,954	-
13	OTHER NOTES AND ACCOUNTS RECEIVABLE	29,012	218,135	120,221	118,057	129,193
14	DUE - CUST & AGENTS LESS ACCUM PROV - UNCOLLECTIBLE ACCTS	254,907	277,652	241,518	203,676	192,749
15	MATERIALS AND SUPPLIES	143,973	105,499	83,209	60,199	57,670
16	MERCH AND MATERIAL HELD FOR SALE	10,383	19,581	14,182	14,866	9,156
17	PREPAYMENTS	59,136	57,247	46,768	45,774	89,985
18	OTHER CURRENT AND ACCRUED ASSETS	-	-	-	-	9,285
19	TOTAL CURRENT AND ACCRUED ASSETS	731,607	722,066	864,721	867,114	855,856
20	UNAMORTIZED DEBT DISCOUNT AND EXPENSE	40,876	41,875	42,876	43,875	-
21	EXTRAORDINARY MAINTENANCE & RETIREMENTS	-	-	-	-	-
22	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
23	OTHER DEFERRED DEBITS	5,456	6,709	11,031	3,773	4,834
24	TOTAL DEFERRED DEBITS	46,332	48,584	53,907	47,648	4,834
25	TOTAL ASSETS AND OTHER DEBITS	7,622,751	$ 7,791,224	$ 6,925,827	$ 6,255,278	$ 5,728,164
	TELEPHONE PLANT					
26	PLANT IN SERVICE	$ 9,717,484	$ 9,385,983	$ 8,622,157	$ 7,831,640	$ 6,910,372
27	PLANT UNDER CONSTRUCTION	116,868	625,431	32,887	63,194	136,177
28	PROPERTY HELD FOR FUTURE USE	2,562	-	-	-	-
29	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
30	PLANT ADJUSTMENTS	3,290	3,290	3,290	3,290	3,291
31	TOTAL TELEPHONE UTILITY PLANT	9,840,204	10,014,704	8,658,334	7,898,124	7,049,840
32	ACCUM PROV FOR DEPR AND AMORT	3,270,502	3,212,559	2,869,601	2,778,044	2,397,347
33	NET TELEPHONE PLANT	6,569,702	6,802,145	5,788,733	5,120,080	4,652,493
	PLANT IN SERVICE					
34	BEGINNING OF YEAR	9,385,983	8,622,157	7,831,640	6,910,372	6,837,451
35	ADDITIONS	1,095,374	1,080,823	1,127,864	1,081,224	156,957
36	RETIREMENTS	763,873	316,997	337,279	65,743	84,035
37	TRANSFERS AND ADJUSTMENTS	-	-	68-	94,213-	-
38	END OF YEAR	$ 9,717,484	$ 9,385,983	$ 8,622,157	$ 7,831,640	$ 6,910,373

AUSABLE VALLEY TELEPHONE COMPANY
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 188,400	$ 188,400	$ 188,400	$ 188,400	$ 188,400	1
PREFERRED CAPITAL STOCK	275,400	275,400	275,400	275,400	275,400	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	900,000	400,000	-	-	-	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	997,232	907,310	793,268	651,902	620,038	9
TOTAL PROPRIETARY CAPITAL	2,361,032	1,771,110	1,257,068	1,115,702	1,083,838	10
BONDS(LESS BONDS REACQUIRED)	4,002,017	4,062,155	4,118,323	4,170,791	4,219,721	11
ADVANCES FROM AFFILIATED COMPANIES	-	400,000	-	-	-	12
OTHER LONG-TERM DEBT	-	-	-	-	-	13
TOTAL LONG-TERM DEBT	4,002,017	4,462,155	4,118,323	4,170,791	4,219,721	14
NOTES & ACCTS PAY TO AFFILIATED CO'S	99,863	491,234	202,413	74,488	-	15
OTHER NOTES AND ACCOUNTS PAYABLE	208,710	131,350	142,068	284,738	44,520	16
CUSTOMERS' DEPOSITS	3,625	250	1,450	7,800	8,241	17
ADVANCE BILLING AND PAYMENTS	21,454	20,363	-	-	-	18
TAXES ACCRUED	39,435-	100,082	46,579	19,631-	8,659	19
OTHER CURRENT AND ACCRUED LIABILITIES	110,101	13,224	450,549	85,120	41,007	20
TOTAL CURRENT AND ACCRUED LIABILITIES	404,318	756,503	843,059	432,515	102,427	21
UNAMORTIZED PREMIUM ON DEBT	-	-	-	-	-	22
ACCUM. DEFERRED INVESTMENT TAX CREDITS	312,042	268,442	260,642	195,942	118,542	23
OTHER DEFERRED CREDITS	201,203	310,429	184,521	121,214	552	24
TOTAL DEFERRED CREDITS	513,245	578,871	445,163	317,156	119,094	25
OPERATING RESERVES	42,000	2,771	72,800	85,000	55,070	26
ACCUM. DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION	276,426	209,626	173,226	126,826	135,926	27
ACCUM. DEFERRED INCOME TAXES - OTHER	23,713	10,188	16,188	7,288	12,088	28
TOTAL LIABILITIES AND OTHER CREDITS	$ 7,622,751	$ 7,791,224	$ 6,925,827	$ 6,255,278	$ 5,728,164	29
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS/CURRENT LIABILITIES	1.81	0.95	1.03	2.00	8.36	30
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	62.8	71.5	76.6	78.8	79.5	31
PREFERRED STOCK	4.3	4.4	5.1	5.2	5.1	32
COMMON STOCK & OTHER PAID-IN CAPITAL	17.1	9.4	3.5	3.5	3.5	33
RETAINED EARNINGS	15.6	14.5	14.7	12.3	11.6	34
LONG TERM DEBT % OF GROSS UTILITY PLANT	40.6	44.5	47.5	52.8	59.8	35
ACCUM. PROV. FOR DEPR & AMORT. %OF UTIL. PLT	33.2	32.0	33.1	35.1	34.0	36

AUSABLE VALLEY TELEPHONE COMPANY
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL					
1	NET INCOME	$ 207.606	$ 226.323	$ 321,315	$ 250,701	$ 144.826
2	DEPRECIATION AND AMORTIZATION	690,035	652,235	440,552	434,056	429,330
3	DEFERRED INCOME TAXES (NET)	123,925	55,000	120,000	63,500	44,202
4	INTEREST CAPITALIZED	10,301-	16,297-	13,704-	9,948-	4,866-
5	OTHER (NET)	40,482	-	-	-	-
6	SUBTOTAL	1,051,747	917,261	868,163	738,309	613,492
7	EXTRAORDINARY ITEMS	-	-	-	18,054	-
8	TOTAL FUNDS - INTERNAL SOURCES	1,051,747	917,261	868,163	756,363	613.492
9	LESS DIVIDENDS PREFERRED	15,092	15,174	15,147	15,147	15,147
	COMMON	102,593	97,108	164,802	104,061	21,744
11	NET FUNDS - INTERNAL SOURCES	934,062	804,979	688,214	637,155	576,601
	EXTERNAL					
12	LONG TERM DEBT	-	-	-	-	-
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	-	400,000	-	240,218	-
17	OTHER (NET)	500,000	-	-	140,345	-
18	TOTAL FUNDS - EXTERNAL SOURCES	500,000	400,000	-	380,563	-
	OTHER SOURCES					
19	NET DECREASE IN WORKING CAPITAL	-	342,422	512,049	-	-
20	OTHER	-	165,780	79,942	19,038	29,801
21	TOTAL FUNDS PROVIDED	$ 1,434,062	$ 1,713,181	$ 1,280,205	$ 1,036,756	$ 606,402
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
22	TELEPHONE PLANT	$ 456,593	$ 1,669,123	$ 1,127,863	$ 848,284	$ 184,048
23	NON-UTILITY PLANT	-	-	-	-	5,519
24	OTHER	56,681	-	5,894	6,872	-
25	TOTAL CONSTRUCTION	513,274	1,669,123	1,133,757	855,156	189,567
26	LESS INTEREST CAPITALIZED	10,301	16,297	13,704	9,948	4,866
27	TOTAL EXCLUDING INTEREST CAPITALIZED	502,973	1,652,826	1,120,053	845,208	184,701
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	60,138	56,168	52,468	48,930	43,443
29	PREFERRED STOCK	-	-	-	-	-
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	-	14,745	-	-
32	OTHER (NET)	511,116	4,187	104,145	-	-
33	TOTAL RETIREMENT OF SECURITIES	571,254	60,355	171,358	48,930	43,443
	OTHER USES					
34	NET INCREASE IN WORKING CAPITAL	359,835	-	-	30,449	344,746
35	OTHER	-	-	11,206-	112,169	33,512
36	TOTAL FUNDS APPLIED	$ 1,434,062	$ 1,713,181	$ 1,280,205	$ 1,036,756	$ 606,402

AUSABLE VALLEY TELEPHONE COMPANY
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
TELEPHONE OPERATING INCOME						
OPERATING REVENUES	$ 3,023,918	$ 2,872,212	$ 2,880,952	$ 2,464,949	$ 2,384,096	1
OPERATION AND MAINTENANCE EXPENSE	1,416,759	1,395,481	1,405,901	1,203,302	1,197,359	2
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	3
DEPRECIATION	689,035	651,234	437,491	431,174	427,778	4
AMORTIZATION	-	-	-	-	-	5
TAXES OTHER THAN INCOME TAXES-OPERATING	308,214	231,046	273,179	299,425	288,165	6
INCOME TAXES-OPERATING	10,660	70,276	108,756	48,700	55,012	7
OPERATING INCOME TAXES DEFERRED	101,300	44,200	55,300	6,000-	14,717	8
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	39,000-	13,800-	-	7,900-	23,633-	9
TOTAL OPERATING EXPENSES	2,486,968	2,378,437	2,280,627	1,968,701	1,959,398	10
TOTAL TELEPHONE OPERATING INCOME	536,950	493,775	600,325	496,248	424,698	11
OTHER INCOME						
DIVIDEND INCOME	-	-	-	-	-	12
INTEREST INCOME	542	5,667	30,514	51,246	14,003	13
ALLOWANCE FOR CONSTRUCTION FUNDS	10,301	16,296	13,704	9,948	4,866	14
INCOME FROM SINKING AND OTHER FUNDS	-	-	-	-	-	15
INCOME FROM MISC. PHYSICAL PROPERTY	-	-	-	-	-	16
MISCELLANEOUS INCOME	17,901	8,235	10,253	8,093	760	17
TOTAL OTHER INCOME	28,744	30,198	54,471	69,287	19,629	18
TOTAL INCOME	565,694	523,973	654,796	565,535	444,327	19
INCOME DEDUCTIONS						
TAXES OTHER THAN INC. TAXES-NONOPERATING	-	32	32	33	31	20
INCOME TAXES-NONOPERATING	7,056	3,528	11,048	18,976	-	21
MISCELLANEOUS INCOME CHARGES	800	6,200	30,422	-	-	22
TOTAL INCOME DEDUCTIONS	7,856	9,760	41,502	19,009	31	23
INCOME BEFORE INTEREST CHARGES	557,838	514,213	613,294	546,526	444,296	24
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	282,641	285,851	290,426	294,119	297,266	25
AMORT. OF DEBT DISCOUNT AND EXPENSE	1,000	1,000	1,000	1,000	1,000	26
AMORT. OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	27
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	28
OTHER INTEREST EXPENSE	66,591	1,039	553	706	1,204	29
TOTAL INTEREST CHARGES	350,232	287,890	291,979	295,825	299,470	30
INCOME BEFORE EXTRAORDINARY/DELAYED ITEMS	207,606	226,323	321,315	250,701	144,826	31
EXTRAORDINARY & DELAYED ITEMS - NET LESS TAX EFFECT	-	-	-	18,054-	-	32
- NET INCOME	$ 207,606	$ 226,323	$ 321,315	$ 232,647	$ 144,826	33
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 907,310	$ 793,268	$ 651,902	$ 620,038	$ 512,103	34
TRANSFERRED FROM INCOME	207,607	226,323	321,315	232,647	144,826	35
MISCELLANEOUS CREDITS	-	-	-	-	-	36
MISCELLANEOUS DEBITS	-	-	-	81,575	-	37
APPROPRIATIONS	-	-	-	-	-	38
DIVIDENDS DECLARED-PREFERRED STOCK	15,092	15,174	15,147	15,147	15,147	39
-COMMON STOCK	102,593	97,107	164,802	104,061	21,744	40
BALANCE END OF YEAR	997,232	907,310	793,268	651,902	620,038	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 997,232	$ 907,310	$ 793,268	$ 651,902	$ 620,038	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME-PERCENT OF OPERATING REVENUES	6.8	7.8	11.1	9.4	6.0	44
PRETAX COVERAGE OF INTEREST CHARGES	1.8	2.1	2.7	2.0	1.6	45
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	53.2	45.9	53.8	47.8	16.7	46
RETURN ON COMMON EQUITY	10.7	17.0	33.6	26.3	17.1	47

AUSABLE VALLEY TELEPHONE COMPANY
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	TELEPHONE OPERATING REVENUES					
1	LOCAL REVENUES	$ 640,356	$ 632,321	$ 547,578	$ 488,768	$ 480,145
2	ACCESS REVENUES	1,228,120	-	-	-	-
3	TOLL REVENUES	1,009,529	2,222,249	2,315,204	1,966,301	1,890,875
4	MISCELLANEOUS REVENUES	178,047	38,642	38,170	28,880	32,113
5	UNCOLLECTIBLE REVENUES-DR	32,134	21,000	20,000	19,000	19,038
6	TOTAL OPERATING REVENUES	$ 3,023,918	$ 2,872,212	$ 2,880,952	$ 2,464,949	$ 2,384,095
7	ACCESS LINES IN SERVICE	5,183	5,033	4,867	4,713	4,553
	TELEPHONE OPERATING REVENUE RELATIONSHIPS					
	REVENUE PER AVERAGE ACCESS LINE*					
8	LOCAL REVENUE	$ 125.36	$ 127.74	$ 114.32	$ 105.50	$ 106.14
9	ACCESS REVENUE	240.43	-	-		
10	TOLL REVENUE	197.64	448.94	483.34	424.41	418.01

*YEAR END AVERAGE

LINE NO	ITEM	1987	1986	1985	1984	1983
	OPERATION AND MAINTENANCE EXPENSES					
11	MAINTENANCE EXPENSES	$ 523,272	$ 439,318	$ 420,388	$ 389,393	$ 421,305
12	DEPRECIATION & AMORTIZATION	689,035	651,234	437,491	431,174	427,778
13	TRAFFIC EXPENSES	60,199	138,501	226,603	176,888	168,558
14	COMMERCIAL EXPENSES	94,857	112,472	78,876	65,013	63,681
15	ACCESS EXPENSES	-	-	-	-	-
16	GENERAL OFFICE SALARIES & EXPENSES	441,328	390,009	374,081	304,554	273,916
17	OTHER OPERATING EXPENSES	297,103	315,181	305,953	267,454	269,898
18	TOTAL O & M EXPENSES	$ 2,105,794	$ 2,046,715	$ 1,843,392	$ 1,634,476	$ 1,625,136

AUSABLE VALLEY TELEPHONE COMPANY
DISTRIBUTION OF TELEPHONE REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
REVENUES	$ 3,023,918	$ 2,872,212	$ 2,880,952	$ 2,464,949	$ 2,384,096	1
ACCESS LINES - AVERAGE*	5,108	4,950	4,790	4,633	4,524	2
DOLLAR AMOUNTS						
WAGES AND BENEFITS	$ 404,879	$ 440,718	$ 603,755	$ 619,995	$ 699,849	3
OTHER OPERATION AND MAINTENANCE EXPENSES	1,011,880	954,763	802,146	583,307	497,509	4
DEPRECIATION AND AMORTIZATION EXPENSES	689,035	651,234	437,491	431,174	427,778	5
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	6
INCOME TAXES - OPERATING	72,960	100,676	164,056	34,800	46,096	7
OTHER TAXES - OPERATING	308,214	231,046	273,179	299,425	288,165	8
INTEREST CHARGES **	347,554	282,219	288,704	293,437	299,470	9
PREFERRED DIVIDENDS**	14,538	14,462	14,657	14,656	15,147	10
EARNINGS AVAILABLE FOR COMMON EQUITY	174,858	197,094	296,964	188,155	110,081	11
TOTAL	$ 3,023,918	$ 2,872,212	$ 2,880,952	$ 2,464,949	$ 2,384,096	12
PERCENT OF REVENUES						
WAGES AND BENEFITS	13.4	15.3	21.0	25.2	29.4	13
OTHER OPERATION AND MAINTENANCE EXPENSES	33.5	33.2	27.8	23.7	20.9	14
DEPRECIATION AND AMORTIZATION EXPENSES	22.8	22.7	15.2	17.5	17.9	15
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	16
INCOME TAXES - OPERATING	2.4	3.5	5.7	1.4	1.9	17
OTHER TAXES - OPERATING	10.2	8.0	9.5	12.1	12.1	18
INTEREST CHARGES**	11.5	9.8	10.0	11.9	12.6	19
PREFERRED DIVIDENDS **	0.5	0.5	0.5	0.6	0.6	20
EARNINGS AVAILABLE FOR COMMON EQUITY	5.8	6.9	10.3	7.6	4.6	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
DOLLARS PER AVERAGE ACCESS LINE PER MONTH						
WAGES AND BENEFITS	$ 6.61	$ 7.42	$ 10.50	$ 11.15	$ 12.89	23
OTHER OPERATION AND MAINTENANCE EXPENSES	16.51	16.07	13.96	10.49	9.17	24
DEPRECIATION AND AMORTIZATION EXPENSES	11.24	10.96	7.61	7.76	7.88	25
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	26
INCOME TAXES - OPERATING	1.19	1.69	2.85	0.63	0.85	27
OTHER TAXES - OPERATING	5.03	3.89	4.75	5.39	5.31	28
						29
INTEREST CHARGES **	5.67	4.75	5.02	5.28	5.52	
PREFERRED DIVIDENDS **	0.24	0.24	0.25	0.26	0.28	30
EARNINGS AVAILABLE FOR COMMON EQUITY	2.85	3.32	5.17	3.38	2.03	31
TOTAL	$ 49.33	$ 48.35	$ 50.12	$ 44.34	$ 43.92	32

* YEAR END AVERAGE

**NET OF AFC

BERKSHIRE TELEPHONE CORPORATION
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF TELEPHONE PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	TELEPHONE PLANT	$ 5,782,801	$ 5,423,662	$ 5,134,277	$ 5,377,344	$ 5,287,492
2	ACCUM PROV FOR DEPR & AMORT	602,156	373,686	161,135	1,645,451	1,425,498
3	NET TELEPHONE PLANT	5,180,645	5,049,976	4,973,142	3,731,893	3,861,994
4	INVESTMENTS IN AFFILIATED COMPANIES	-	-	-	-	-
5	ADVANCES TO AFFILIATED COMPANIES	-	-	-	-	-
6	MISCELLANEOUS PHYSICAL PROPERTY	95,416	185,247	74,610	71,618	67,889
7	OTHER INVESTMENTS AND FUNDS	170,804	170,804	170,804	170,804	170,804
8	TOTAL INVESTMENTS AND FUNDS	266,220	356,051	245,414	242,422	238,693
9	CASH AND WORKING FUNDS	38,002	53,630	135,368	47,628	73,083
10	SPECIAL CASH DEPOSITS	812,121	519,883	538,187	495,664	411,982
11	TEMPORARY CASH INVESTMENTS	-	-	-	-	-
12	NOTES & ACCT'S REC -AFFILIATED CO'S	-	-	-	-	-
13	OTHER NOTES AND ACCOUNTS RECEIVABLE	214,000	177,107	124,410	128,473	4,565
14	DUE - CUST & AGENTS LESS ACCUM PROV - UNCOLLECTIBLE ACCTS	256,467	230,689	249,661	225,796	228,293
15	MATERIALS AND SUPPLIES	68,613	68,234	70,773	67,900	45,491
16	MERCH AND MATERIAL HELD FOR SALE	36,583	16,662	13,786	13,914	10,140
17	PREPAYMENTS	91,382	73,856	67,659	69,829	63,463
18	OTHER CURRENT AND ACCRUED ASSETS	-	-	-	-	-
19	TOTAL CURRENT AND ACCRUED ASSETS	1,517,168	1,140,061	1,199,844	1,049,204	837,017
20	UNAMORTIZED DEBT DISCOUNT AND EXPENSE	17,064	17,523	17,981	12,614	13,073
21	EXTRAORDINARY MAINTENANCE & RETIREMENTS	-	-	-	-	-
22	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
23	OTHER DEFERRED DEBITS	-	6,366	1,862	4,433	2,796
24	TOTAL DEFERRED DEBITS	17,064	23,889	19,843	17,047	15,869
25	TOTAL ASSETS AND OTHER DEBITS	6,981,097	$ 6,569,977	$ 6,438,243	$ 5,040,566	$ 4,953,573
	TELEPHONE PLANT					
26	PLANT IN SERVICE	$ 5,739,788	$ 5,389,633	$ 5,111,993	$ 5,366,354	$ 5,253,373
27	PLANT UNDER CONSTRUCTION	43,013	34,029	22,284	10,990	34,119
28	PROPERTY HELD FOR FUTURE USE	-	-	-	-	-
29	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
30	PLANT ADJUSTMENTS	-	-	-	-	-
31	TOTAL TELEPHONE UTILITY PLANT	5,782,801	5,423,662	5,134,277	5,377,344	5,287,492
32	ACCUM PROV FOR DEPR AND AMORT	602,156	373,686	161,135	1,645,451	1,425,498
33	NET TELEPHONE PLANT	5,180,645	5,049,976	4,973,142	3,731,893	3,861,994
	PLANT IN SERVICE					
34	BEGINNING OF YEAR	5,389,632	5,111,993	5,366,354	5,253,373	5,097,362
35	ADDITIONS	518,837	386,793	1,520,693	185,017	197,648
36	RETIREMENTS	168,687	109,979	1,775,054	72,036	41,637
37	TRANSFERS AND ADJUSTMENTS	-	826	-	-	-
38	END OF YEAR	$ 5,739,788	$ 5,389,633	$ 5,111,993	$ 5,366,354	$ 5,253,373

BERKSHIRE TELEPHONE CORPORATION
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 81,160	$ 81,160	$ 81,160	$ 81,160	$ 81,160	1
PREFERRED CAPITAL STOCK	121,700	121,700	122,600	130,800	130,800	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	1,826,279	1,481,232	1,262,198	1,037,162	964,811	9
TOTAL PROPRIETARY CAPITAL	2,029,139	1,684,092	1,465,958	1,249,122	1,176,771	10
BONDS(LESS BONDS REACQUIRED)	2,877,864	2,927,068	2,973,010	3,015,735	3,055,434	11
ADVANCES FROM AFFILIATED COMPANIES	-	-	-	-	-	12
OTHER LONG-TERM DEBT	-	-	-	-	-	13
TOTAL LONG-TERM DEBT	2,877,864	2,927,068	2,973,010	3,015,735	3,055,434	14
NOTES & ACCTS PAY TO AFFILIATED CO'S	-	-	-	-	-	15
OTHER NOTES AND ACCOUNTS PAYABLE	1,243,665	1,299,594	1,408,530	299,395	252,686	16
CUSTOMERS' DEPOSITS	2,143	2,860	3,950	7,963	7,036	17
ADVANCE BILLING AND PAYMENTS	14,742	13,668	11,830	10,061	9,984	18
TAXES ACCRUED	8,987	331-	4,669	3,610	19,721	19
OTHER CURRENT AND ACCRUED LIABILITIES	44,460	39,381	38,629	34,753	37,420	20
TOTAL CURRENT AND ACCRUED LIABILITIES	1,313,997	1,355,172	1,467,608	355,782	326,847	21
UNAMORTIZED PREMIUM ON DEBT	-	-	-	-	-	22
ACCUM DEFERRED INVESTMENT TAX CREDITS	322,748	172,867	130,656	93,864	100,497	23
OTHER DEFERRED CREDITS	104,750	59,131	41,964	25,782	11,222	24
TOTAL DEFERRED CREDITS	427,498	231,998	172,620	119,646	111,719	25
OPERATING RESERVES	-	-	-	-	-	26
ACCUM DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION	310,006	356,483	349,488	293,972	273,472	27
ACCUM DEFERRED INCOME TAXES - OTHER	22,593	15,164	9,559	6,309	9,330	28
TOTAL LIABILITIES AND OTHER CREDITS	$ 6,981,097	$ 6,569,977	$ 6,438,243	$ 5,040,566	$ 4,953,573	29
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS/CURRENT LIABILITIES	1.15	0.84	0.82	2.95	2.56	30
PERCENT OF CAPITALIZATION:						
LONG TERM DEBT	58.6	63.4	66.9	70.7	72.1	31
PREFERRED STOCK	2.4	2.6	2.7	3.0	3.0	32
COMMON STOCK & OTHER PAID-IN CAPITAL	1.6	1.7	1.8	1.9	1.9	33
RETAINED EARNINGS	37.2	32.1	28.4	24.3	22.7	34
LONG TERM DEBT % OF GROSS UTILITY PLANT	49.7	53.9	57.9	56.0	57.7	35
ACCUM PROV FOR DEPR & AMORT %OF UTIL PLT	10.4	6.8	3.1	30.5	26.9	36

BERKSHIRE TELEPHONE CORPORATION
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
				SOURCES OF FUNDS		
	INTERNAL					
1	NET INCOME	$ 374,428	$ 244,530	$ 246,157	$ 95,559	$ 131,188
2	DEPRECIATION AND AMORTIZATION	428,060	356,553	317,604	292,820	291,246
3	DEFERRED INCOME TAXES (NET)	139,472	54,811	95,558	10,846	40,491
4	INTEREST CAPITALIZED	2,741-	4,498-	7,076-	1,560-	2,945-
5	OTHER (NET)	-	-	-	14,560	9,654
6	SUBTOTAL	939,209	651,396	652,243	412,225	469,634
7	EXTRAORDINARY ITEMS	961	2,807-	1,841	-	2,895
8	TOTAL FUNDS - INTERNAL SOURCES	940,170	648,589	654,084	412,225	472,529
9	LESS DIVIDENDS PREFERRED	7,302	7,329	7,602	7,848	7,848
	COMMON	23,040	15,360	15,360	15,360	15,360
11	NET FUNDS - INTERNAL SOURCES	909,828	625,900	631,122	389,017	449,321
	EXTERNAL					
12	LONG TERM DEBT	-	-	-	-	-
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	-	-	909,753	-	-
17	OTHER (NET)	-	-	-	-	-
18	TOTAL FUNDS - EXTERNAL SOURCES	-	-	909,753	-	-
	OTHER SOURCES					
19	NET DECREASE IN WORKING CAPITAL	-	-	49,264	-	-
20	OTHER	25,250	7,366	6,647	4,523	11,194
21	TOTAL FUNDS PROVIDED	$ 935,078	$ 633,266	$ 1,596,786	$ 393,540	$ 460,515
				USES OF FUNDS		
	CONSTRUCTION EXPENDITURES					
22	TELEPHONE PLANT	$ 527,820	$ 398,538	$ 1,531,987	$ 161,889	$ 121,389
23	NON-UTILITY PLANT	89,831-	110,637	2,602	3,729	52,191
24	OTHER	-	-	-	-	-
25	TOTAL CONSTRUCTION	437,989	509,175	1,534,589	165,618	173,580
26	LESS INTEREST CAPITALIZED	2,741	4,498	7,076	1,560	2,945
27	TOTAL EXCLUDING INTEREST CAPITALIZED	435,248	504,677	1,527,513	164,058	170,635
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	49,204	45,942	42,724	39,699	37,120
29	PREFERRED STOCK	-	-	-	-	-
30	REDEMPTION OF CAPITAL STOCK	-	900	8,200	-	-
31	NET DECREASE IN SHORT TERM DEBT	55,000	15,216	-	-	-
32	OTHER (NET)	-	-	-	-	-
33	TOTAL RETIREMENT OF SECURITIES	104,204	62,058	50,924	39,699	37,120
	OTHER USES					
34	NET INCREASE IN WORKING CAPITAL	345,756	31,240	-	176,886	243,388
35	OTHER	49,870	35,291	18,349	12,897	9,372
36	TOTAL FUNDS APPLIED	$ 935,078	$ 633,266	$ 1,596,786	$ 393,540	$ 460,515

BERKSHIRE TELEPHONE CORPORATION
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
TELEPHONE OPERATING INCOME						
OPERATING REVENUES	$ 2,859,613	$ 2,090,585	$ 1,869,851	$ 1,674,565	$ 1,594,701	1
OPERATION AND MAINTENANCE EXPENSE	1,284,917	920,018	839,476	888,666	723,126	2
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	3
DEPRECIATION	398,957	326,981	285,634	279,956	277,272	4
AMORTIZATION	-	-	-	-	-	5
TAXES OTHER THAN INCOME TAXES-OPERATING	288,768	242,876	228,583	230,518	222,336	6
INCOME TAXES-OPERATING	232,773	48,655	39,828	6,633-	9,482	7
OPERATING INCOME TAXES DEFERRED	12,861	47,010	63,630	21,707	35,161	8
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	11,931-	34,410-	24,864-	4,228-	5,009-	9
TOTAL OPERATING EXPENSES	2,206,345	1,551,130	1,452,287	1,409,986	1,262,368	10
TOTAL TELEPHONE OPERATING INCOME	653,268	539,455	417,564	264,579	332,333	11
OTHER INCOME						
DIVIDEND INCOME	535	506	476	446	415	12
INTEREST INCOME	48,502	45,644	51,710	50,559	24,723	13
ALLOWANCE FOR CONSTRUCTION FUNDS	2,741	4,498	7,076	1,560	2,945	14
INCOME FROM SINKING AND OTHER FUNDS	-	-	-	-	-	15
INCOME FROM MISC. PHYSICAL PROPERTY	15,064	6,209	2,694-	8,307-	7,467-	16
MISCELLANEOUS INCOME	57,592-	56,972-	1,050-	698-	6,240-	17
TOTAL OTHER INCOME	9,250	115-	55,518	43,560	14,376	18
TOTAL INCOME	662,518	539,340	473,082	308,139	346,709	19
INCOME DEDUCTIONS						
TAXES OTHER THAN INC. TAXES-NONOPERATING	-	-	-	-	-	20
INCOME TAXES-NONOPERATING	2,254	-	-	-	-	21
MISCELLANEOUS INCOME CHARGES	3,614	3,684	1,220	1,131	1,352	22
TOTAL INCOME DEDUCTIONS	5,868	3,684	1,220	1,131	1,352	23
INCOME BEFORE INTEREST CHARGES	656,650	535,656	471,862	307,008	345,357	24
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	200,902	204,184	207,247	210,119	212,761	25
AMORT. OF DEBT DISCOUNT AND EXPENSE	458	458	459	458	458	26
AMORT. OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	27
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	28
OTHER INTEREST EXPENSE	80,862	86,484	17,999	872	950	29
TOTAL INTEREST CHARGES	282,222	291,126	225,705	211,449	214,169	30
INCOME BEFORE EXTRAORDINARY/DELAYED ITEMS	374,428	244,530	246,157	95,559	131,188	31
EXTRAORDINARY & DELAYED ITEMS - NET LESS TAX EFFECT	961	2,807-	1,841	-	2,895	32
NET INCOME	$ 375,389	$ 241,723	$ 247,998	$ 95,559	$ 134,083	33
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 1,481,232	$ 1,262,198	$ 1,037,162	$ 964,811	$ 853,936	34
TRANSFERRED FROM INCOME	375,389	241,723	247,998	95,559	134,083	35
MISCELLANEOUS CREDITS	-	-	-	-	-	36
MISCELLANEOUS DEBITS	-	-	-	-	-	37
APPROPRIATIONS	-	-	-	-	-	38
DIVIDENDS DECLARED-PREFERRED STOCK	7,302	7,329	7,602	7,848	7,848	39
-COMMON STOCK	23,040	15,360	15,360	15,360	15,360	40
BALANCE END OF YEAR	1,826,279	1,481,232	1,262,198	1,037,162	964,811	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 1,826,279	$ 1,481,232	$ 1,262,198	$ 1,037,162	$ 964,811	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME-PERCENT OF OPERATING REVENUES	13.1	11.5	13.2	5.7	8.4	44
PRETAX COVERAGE OF INTEREST CHARGES	3.2	2.1	2.5	1.5	1.8	45
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	6.2	6.5	6.3	17.5	12.1	46
RETURN ON COMMON EQUITY	21.2	16.1	19.5	8.1	12.7	47

BERKSHIRE TELEPHONE CORPORATION
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	TELEPHONE OPERATING REVENUES					
1	LOCAL REVENUES	$ 1,055,586	$ 489,998	$ 393,014	$ 396,670	$ 391,744
2	ACCESS REVENUES	670,902	488,799	568,929	-	-
3	TOLL REVENUES	931,044	905,267	741,445	1,237,233	1,176,509
4	MISCELLANEOUS REVENUES	210,277	222,621	176,463	46,162	37,448
5	UNCOLLECTIBLE REVENUES-DR	8,196	16,100	10,000	5,500	11,000
6	TOTAL OPERATING REVENUES	$ 2,859,613	$ 2,090,585	$ 1,869,851	$ 1,674,565	$ 1,594,701
7	ACCESS LINES IN SERVICE	4,604	4,418	4,250	4,105	4,004
	TELEPHONE OPERATING REVENUE RELATIONSHIPS					
	REVENUE PER AVERAGE ACCESS LINE*					
8	LOCAL REVENUE	$ 234.00	$ 113.06	$ 94.08	$ 97.83	$ 102.32
9	ACCESS REVENUE	148.73	112.78	136.19		
10	TOLL REVENUE	206.39	208.88	177.49	305.15	307.30

*YEAR END AVERAGE

LINE NO	ITEM	1987	1986	1985	1984	1983
	OPERATION AND MAINTENANCE EXPENSES					
11	MAINTENANCE EXPENSES	$ 445,138	$ 330,398	$ 283,129	$ 345,320	$ 241,508
12	DEPRECIATION & AMORTIZATION	398,957	326,981	285,634	279,956	277,272
13	TRAFFIC EXPENSES	45,926	54,803	77,238	94,135	28,435
14	COMMERCIAL EXPENSES	74,658	75,291	73,039	72,372	73,262
15	ACCESS EXPENSES	-	-	-	-	-
16	GENERAL OFFICE SALARIES & EXPENSES	340,311	260,907	253,624	227,824	202,002
17	OTHER OPERATING EXPENSES	378,884	197,619	152,446	149,015	177,919
18	TOTAL O & M EXPENSES	$ 1,683,874	$ 1,246,999	$ 1,125,110	$ 1,168,622	$ 1,000,398

BERKSHIRE TELEPHONE CORPORATION
DISTRIBUTION OF TELEPHONE REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM		1987		1986		1985		1984		1983	LINE NO
REVENUES	$	2,859,613	$	2,090,585	$	1,869,851	$	1,674,565	$	1,594,701	1
ACCESS LINES - AVERAGE*		4,511		4,334		4,178		4,055		3,829	2
DOLLAR AMOUNTS											
WAGES AND BENEFITS	$	721,270	$	479,134	$	444,817	$	414,004	$	391,242	3
OTHER OPERATION AND MAINTENANCE EXPENSES		563,647		440,884		394,659		474,662		331,884	4
DEPRECIATION AND AMORTIZATION EXPENSES		398,957		326,981		285,634		279,956		277,272	5
EXTRAORDINARY RETIREMENTS		-		-		-		-		-	6
INCOME TAXES - OPERATING		233,703		61,255		98,594		10,846		39,634	7
OTHER TAXES - OPERATING		288,768		242,876		228,583		230,518		222,336	8
INTEREST CHARGES **		281,259		289,096		222,033		210,205		212,275	9
PREFERRED DIVIDENDS**		7,267		7,256		7,468		7,800		7,777	10
EARNINGS AVAILABLE FOR COMMON EQUITY		364,742		243,103		188,063		46,574		112,281	11
TOTAL	$	2,859,613	$	2,090,585	$	1,869,851	$	1,674,565	$	1,594,701	12
PERCENT OF REVENUES											
WAGES AND BENEFITS		25 2		22 9		23 8		24 7		24 5	13
OTHER OPERATION AND MAINTENANCE EXPENSES		19 7		21 1		21 1		28 3		20 8	14
DEPRECIATION AND AMORTIZATION EXPENSES		14 0		15 6		15 3		16 7		17 4	15
EXTRAORDINARY RETIREMENTS		-		-		-		-		-	16
INCOME TAXES - OPERATING		8 2		2 9		5 3		0 6		2 5	17
OTHER TAXES - OPERATING		10 1		11 6		12 2		13 8		13 9	18
INTEREST CHARGES**		9 8		13 8		11 9		12 6		13 3	19
PREFERRED DIVIDENDS **		0 3		0 3		0 4		0 5		0 5	20
EARNINGS AVAILABLE FOR COMMON EQUITY		12 8		11 6		10 1		2 8		7 0	21
TOTAL		100 0		100 0		100 0		100 0		100 0	22
DOLLARS PER AVERAGE ACCESS LINE PER MONTH											
WAGES AND BENEFITS	$	13 32	$	9 21	$	8 87	$	8 51	$	8 52	23
OTHER OPERATION AND MAINTENANCE EXPENSES		10 41		8 48		7 87		9 76		7 22	24
DEPRECIATION AND AMORTIZATION EXPENSES		7 37		6 29		5 70		5 75		6 04	25
EXTRAORDINARY RETIREMENTS		-		-		-		-		-	26
INCOME TAXES - OPERATING		4 32		1 18		1 97		0 22		0 86	27
OTHER TAXES - OPERATING		5 33		4 67		4 56		4 74		4 84	28
											29
INTEREST CHARGES **		5 20		5 56		4 43		4 32		4 62	
PREFERRED DIVIDENDS **		0 13		0 14		0 15		0 16		0 17	30
EARNINGS AVAILABLE FOR COMMON EQUITY		6 74		4 67		3 75		0 96		2 44	31
TOTAL	$	52 83	$	40 20	$	37 30	$	34 42	$	34 71	32

* YEAR END AVERAGE

**NET OF AFC

CASSADAGA TELEPHONE CORPORATION
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF TELEPHONE PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	TELEPHONE PLANT	$ 1,336,765	$ 1,301,090	$ 1,250,759	$ 1,201,820	$ 1,181,866
2	ACCUM PROV FOR DEPR & AMORT	421,224	399,117	642,312	572,726	527,090
3	NET TELEPHONE PLANT	915,541	901,973	608,447	629,094	654,776
4	INVESTMENTS IN AFFILIATED COMPANIES	-	-	-	-	-
5	ADVANCES TO AFFILIATED COMPANIES	-	-	-	-	-
6	MISCELLANEOUS PHYSICAL PROPERTY	-	-	-	-	-
7	OTHER INVESTMENTS AND FUNDS	-	-	-	-	-
8	TOTAL INVESTMENTS AND FUNDS	-	-	-	-	-
9	CASH AND WORKING FUNDS	33,350	51,311	23,972	50,255	49,988
10	SPECIAL CASH DEPOSITS	-	-	-	-	-
11	TEMPORARY CASH INVESTMENTS	221,489	132,018	355,234	278,231	188,232
12	NOTES & ACCT'S REC -AFFILIATED CO'S	-	-	-	-	228
13	OTHER NOTES AND ACCOUNTS RECEIVABLE	23,066	34,478	28,014	21,368	3,687
14	DUE - CUST & AGENTS LESS ACCUM PROV - UNCOLLECTIBLE ACCTS	42,241	42,870	45,836	42,666	41,704
15	MATERIALS AND SUPPLIES	20,955	59,084	53,732	53,695	44,129
16	MERCH AND MATERIAL HELD FOR SALE	-	-	-	-	-
17	PREPAYMENTS	11,169	8,477	11,151	9,188	10,982
18	OTHER CURRENT AND ACCRUED ASSETS	-	-	-	-	-
19	TOTAL CURRENT AND ACCRUED ASSETS	352,270	328,238	517,939	455,403	338,950
20	UNAMORTIZED DEBT DISCOUNT AND EXPENSE	4,300	4,498	4,695	4,893	5,090
21	EXTRAORDINARY MAINTENANCE & RETIREMENTS	-	-	-	-	-
22	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
23	OTHER DEFERRED DEBITS	-	-	3,564	3,564	1,725
24	TOTAL DEFERRED DEBITS	4,300	4,498	8,259	8,457	6,815
25	TOTAL ASSETS AND OTHER DEBITS	1,272,111	$ 1,234,709	$ 1,134,645	$ 1,092,954	$ 1,000,541
	TELEPHONE PLANT					
26	PLANT IN SERVICE	$ 1,319,265	$ 1,271,221	$ 1,172,705	$ 1,160,740	$ 1,127,167
27	PLANT UNDER CONSTRUCTION	-	12,369	60,554	23,580	37,199
28	PROPERTY HELD FOR FUTURE USE	-	-	-	-	-
29	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
30	PLANT ADJUSTMENTS	17,500	17,500	17,500	17,500	17,500
31	TOTAL TELEPHONE UTILITY PLANT	1,336,765	1,301,090	1,250,759	1,201,820	1,181,866
32	ACCUM PROV FOR DEPR AND AMORT	421,224	399,117	642,312	572,726	527,090
33	NET TELEPHONE PLANT	915,541	901,973	608,447	629,094	654,776
	PLANT IN SERVICE					
34	BEGINNING OF YEAR	1,271,221	1,172,705	1,160,740	1,127,167	1,119,672
35	ADDITIONS	68,834	430,120	18,079	62,130	30,022
36	RETIREMENTS	20,790	331,604	6,114	28,557	22,527
37	TRANSFERS AND ADJUSTMENTS	-	-	-	-	-
38	END OF YEAR	$ 1,319,265	$ 1,271,221	$ 1,172,705	$ 1,160,740	$ 1,127,167

CASSADAGA TELEPHONE CORPORATION
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 27,800	$ 27,800	$ 27,800	$ 27,800	$ 27,800	1
PREFERRED CAPITAL STOCK	-	2,100	50,000	50,000	50,000	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	641,506	582,372	512,393	450,056	380,142	9
TOTAL PROPRIETARY CAPITAL	669,306	612,273	590,193	527,856	457,942	10
BONDS (LESS BONDS REACQUIRED)	437,652	445,897	405,850	416,273	424,738	11
ADVANCES FROM AFFILIATED COMPANIES	-	-	-	-	-	12
OTHER LONG-TERM DEBT	-	-	-	-	-	13
TOTAL LONG-TERM DEBT	437,652	445,897	405,850	416,273	424,738	14
NOTES & ACCTS PAY TO AFFILIATED CO'S	13,504	10,768	7,801	15,810	14,318	15
OTHER NOTES AND ACCOUNTS PAYABLE	22,382	47,065	33,049	20,482	10,926	16
CUSTOMERS' DEPOSITS	4,185	3,140	2,230	9,170	8,885	17
ADVANCE BILLING AND PAYMENTS	-	-	-	-	-	18
TAXES ACCRUED	288-	3,519-	24,197	25,328	12,626	19
OTHER CURRENT AND ACCRUED LIABILITIES	6,222	6,877	6,124	6,543	6,621	20
TOTAL CURRENT AND ACCRUED LIABILITIES	46,005	64,331	73,401	77,333	53,376	21
UNAMORTIZED PREMIUM ON DEBT	-	-	-	-	-	22
ACCUM. DEFERRED INVESTMENT TAX CREDITS	72,406	77,703	46,107	48,042	46,750	23
OTHER DEFERRED CREDITS	-	-	-	-	-	24
TOTAL DEFERRED CREDITS	72,406	77,703	46,107	48,042	46,750	25
OPERATING RESERVES	-	-	-	-	-	26
ACCUM. DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION	44,488	31,549	16,316	19,863	16,107	27
ACCUM. DEFERRED INCOME TAXES - OTHER	2,254	2,956	2,778	3,587	1,628	28
TOTAL LIABILITIES AND OTHER CREDITS	$ 1,272,111	$ 1,234,709	$ 1,134,645	$ 1,092,954	$ 1,000,541	29
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS/CURRENT LIABILITIES	7.66	5.10	7.06	5.89	6.35	30
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	39.5	42.1	40.7	44.0	48.1	31
PREFERRED STOCK	-	0.1	5.0	5.2	5.6	32
COMMON STOCK & OTHER PAID-IN CAPITAL	2.5	2.6	2.7	2.9	3.1	33
RETAINED EARNINGS	57.9	55.0	51.4	47.6	43.0	34
LONG TERM DEBT % OF GROSS UTILITY PLANT	32.7	34.2	32.4	34.6	35.9	35
ACCUM. PROV. FOR DEPR & AMORT. %OF UTIL. PLT	31.5	30.6	51.3	47.6	44.5	36

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CASSADAGA TELEPHONE CORPORATION
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL --					
1	NET INCOME	$ 108,056	$ 84,739	$ 77,847	$ 85,424	$ 71,047
2	DEPRECIATION AND AMORTIZATION	82,054	73,593	72,160	71,315	71,426
3	DEFERRED INCOME TAXES (NET)	6,940	47,007	6,291-	7,007	2,367
4	INTEREST CAPITALIZED	-	-	-	-	-
5	OTHER (NET)	-	-	-	-	-
6	SUBTOTAL	197,050	205,339	143,716	163,746	144,840
7	EXTRAORDINARY ITEMS	36,398-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	160,652	205,339	143,716	163,746	144,840
9	LESS DIVIDENDS PREFERRED	15	2,250	3,000	3,000	3,000
	COMMON	12,510	12,510	12,510	12,510	6,255
11	NET FUNDS - INTERNAL SOURCES	148,127	190,579	128,206	148,236	135,585
	EXTERNAL					
12	LONG TERM DEBT	1,600	47,900	-	-	-
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	-	-	-	-	-
17	OTHER (NET)	-	-	3,739	-	-
18	TOTAL FUNDS - EXTERNAL SOURCES	1,600	47,900	3,739	-	-
	OTHER SOURCES					
19	NET DECREASE IN WORKING CAPITAL	-	184,392	-	-	-
20	OTHER	-	14,818	-	3,075	3,635
21	TOTAL FUNDS PROVIDED	$ 149,727	$ 437,689	$ 131,945	$ 151,311	$ 139,220
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
22	TELEPHONE PLANT	$ 56,465	$ 381,936	$ 55,053	$ 48,511	$ 67,221
23	NON-UTILITY PLANT	-	-	-	-	-
24	OTHER	-	-	-	-	-
25	TOTAL CONSTRUCTION	56,465	381,936	55,053	48,511	67,221
26	LESS INTEREST CAPITALIZED	-	-	-	-	-
27	TOTAL EXCLUDING INTEREST CAPITALIZED	56,465	381,936	55,053	48,511	67,221
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	9,845	7,853	10,423	8,465	8,068
29	PREFERRED STOCK	2,100	47,900	-	-	-
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	-	-	-	-
32	OTHER (NET)	-	-	-	-	-
33	TOTAL RETIREMENT OF SECURITIES	11,945	55,753	10,423	8,465	8,068
	OTHER USES					
34	NET INCREASE IN WORKING CAPITAL	42,160	-	66,469	94,335	63,931
35	OTHER	39,157	-	-	-	-
36	TOTAL FUNDS APPLIED	$ 149,727	$ 437,689	$ 131,945	$ 151,311	$ 139,220

CASSADAGA TELEPHONE CORPORATION
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
TELEPHONE OPERATING INCOME						
OPERATING REVENUES	$ 544,780	$ 509,959	$ 482,487	$ 463,827	$ 404,392	1
OPERATION AND MAINTENANCE EXPENSE	297,754	241,084	248,989	222,026	196,461	2
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	3
DEPRECIATION	81,735	73,274	71,651	70,808	70,917	4
AMORTIZATION	-	-	-	-	-	5
TAXES OTHER THAN INCOME TAXES-OPERATING	37,158	50,625	50,099	41,295	40,086	6
INCOME TAXES-OPERATING	54-	39,103	48,324	39,946	15,585	7
OPERATING INCOME TAXES DEFERRED	14,973	17,655	3,254-	8,134	4,918	8
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	2,736-	2,244-	1,102-	2,419-	1,486-	9
TOTAL OPERATING EXPENSES	428,830	419,497	414,707	379,790	326,481	10
TOTAL TELEPHONE OPERATING INCOME	115,950	90,462	67,780	84,037	77,911	11
OTHER INCOME						
DIVIDEND INCOME	-	-	-	-	-	12
INTEREST INCOME	11,940	10,006	28,646	19,999	12,398	13
ALLOWANCE FOR CONSTRUCTION FUNDS	-	-	-	-	-	14
INCOME FROM SINKING AND OTHER FUNDS	-	-	-	-	-	15
INCOME FROM MISC. PHYSICAL PROPERTY	-	-	-	-	-	16
MISCELLANEOUS INCOME	5,297	6,199	3,798	3,654	3,407	17
TOTAL OTHER INCOME	17,237	16,205	32,444	23,653	15,805	18
TOTAL INCOME	133,187	106,667	100,224	107,690	93,716	19
INCOME DEDUCTIONS						
TAXES OTHER THAN INC. TAXES-NONOPERATING	-	-	-	-	-	20
INCOME TAXES-NONOPERATING	-	-	-	-	-	21
MISCELLANEOUS INCOME CHARGES	850	145	950	125	65	22
TOTAL INCOME DEDUCTIONS	850	145	950	125	65	23
INCOME BEFORE INTEREST CHARGES	132,337	106,522	99,274	107,565	93,651	24
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	23,433	21,253	20,744	21,013	21,416	25
AMORT. OF DEBT DISCOUNT AND EXPENSE	198	198	198	198	198	26
AMORT. OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	27
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	28
OTHER INTEREST EXPENSE	649	332	485	930	990	29
TOTAL INTEREST CHARGES	24,280	21,783	21,427	22,141	22,604	30
INCOME BEFORE EXTRAORDINARY/DELAYED ITEMS	108,057	84,739	77,847	85,424	71,047	31
EXTRAORDINARY & DELAYED ITEMS - NET LESS TAX EFFECT	36,398-	-	-	-	-	32
NET INCOME	$ 71,659	$ 84,739	$ 77,847	$ 85,424	$ 71,047	33
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 582,372	$ 512,393	$ 450,056	$ 380,142	$ 318,350	34
TRANSFERRED FROM INCOME	71,659	84,739	77,847	85,424	71,047	35
MISCELLANEOUS CREDITS	-	-	-	-	-	36
MISCELLANEOUS DEBITS	-	-	-	-	-	37
APPROPRIATIONS	-	-	-	-	-	38
DIVIDENDS DECLARED-PREFERRED STOCK	15	2,250	3,000	3,000	3,000	39
-COMMON STOCK	12,510	12,510	12,510	12,510	6,255	40
BALANCE END OF YEAR	641,506	582,372	512,393	450,056	380,142	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 641,506	$ 582,372	$ 512,393	$ 450,056	$ 380,142	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME-PERCENT OF OPERATING REVENUES	13.1	16.6	16.1	18.4	17.5	44
PRETAX COVERAGE OF INTEREST CHARGES	5.7	7.1	6.5	6.8	4.8	45
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	17.4	15.1	16.7	15.1	9.1	46
RETURN ON COMMON EQUITY	11.1	14.3	14.7	18.6	18.0	47

CASSADAGA TELEPHONE CORPORATION
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

TELEPHONE OPERATING REVENUES

LINE NO	ITEM	1987	1986	1985	1984	1983
1	LOCAL REVENUES	$ 154,043	$ 153,595	$ 149,097	$ 146,710	$ 148,282
2	ACCESS REVENUES	172,785	142,365	110,609	-	-
3	TOLL REVENUES	165,790	173,918	166,544	267,143	231,431
4	MISCELLANEOUS REVENUES	60,925	48,339	61,929	50,709	27,608
5	UNCOLLECTIBLE REVENUES-DR	8,763	8,258	5,692	735	2,929
6	TOTAL OPERATING REVENUES	$ 544,780	$ 509,959	$ 482,487	$ 463,827	$ 404,392
7	ACCESS LINES IN SERVICE	1,654	1,620	1,587	1,080	1,045

TELEPHONE OPERATING REVENUE RELATIONSHIPS

LINE NO	ITEM	1987	1986	1985	1984	1983
	REVENUE PER AVERAGE ACCESS LINE*					
8	LOCAL REVENUE	$ 94.10	$ 95.79	$ 111.81	$ 138.08	$ 143.34
9	ACCESS REVENUE	105.55	88.78	82.95		
10	TOLL REVENUE	101.28	108.46	124.89	251.43	223.71

*YEAR END AVERAGE

OPERATION AND MAINTENANCE EXPENSES

LINE NO	ITEM	1987	1986	1985	1984	1983
11	MAINTENANCE EXPENSES	$ 109,110	$ 122,851	$ 109,699	$ 104,603	$ 102,422
12	DEPRECIATION & AMORTIZATION	81,735	73,274	71,651	70,808	70,917
13	TRAFFIC EXPENSES	9,207	5,074	5,913	8,384	4,347
14	COMMERCIAL EXPENSES	5,763	6,644	18,338	14,171	3,543
15	ACCESS EXPENSES	-	-	-	-	-
16	GENERAL OFFICE SALARIES & EXPENSES	39,888	41,301	39,327	29,746	16,512
17	OTHER OPERATING EXPENSES	133,786	65,214	75,712	65,122	69,637
18	TOTAL O & M EXPENSES	$ 379,489	$ 314,358	$ 320,640	$ 292,834	$ 267,378

CASSADAGA TELEPHONE CORPORATION
DISTRIBUTION OF TELEPHONE REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
REVENUES	$ 544.780	$ 509.959	$ 482.487	$ 463.827	$ 404.392	1
ACCESS LINES - AVERAGE*	1.637	1.604	1,334	1,063	1,035	2
DOLLAR AMOUNTS						
WAGES AND BENEFITS	-	-	-	-	-	3
OTHER OPERATION AND MAINTENANCE EXPENSES	297.754	241,084	248,989	222,026	196,461	4
DEPRECIATION AND AMORTIZATION EXPENSES	81.735	73,274	71,651	70,808	70,917	5
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	6
INCOME TAXES - OPERATING	12.183	54,514	43,968	45,661	19,017	7
OTHER TAXES - OPERATING	37.158	50.625	50,099	41,295	40,086	8
INTEREST CHARGES **	24.280	21,783	21,427	22,141	22,604	9
PREFERRED DIVIDENDS**	15	2.250	3,000	3,000	3,000	10
EARNINGS AVAILABLE FOR COMMON EQUITY	91.655	66.429	43,353	58,896	52,307	11
TOTAL	$ 544.780	$ 509.959	$ 482.487	$ 463.827	$ 404.392	12
PERCENT OF REVENUES						
WAGES AND BENEFITS	-	-	-	-	-	13
OTHER OPERATION AND MAINTENANCE EXPENSES	54.7	47.3	51.6	47.9	48.6	14
DEPRECIATION AND AMORTIZATION EXPENSES	15.0	14.4	14.9	15.3	17.5	15
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	16
INCOME TAXES - OPERATING	2.2	10.7	9.1	9.8	4.7	17
OTHER TAXES - OPERATING	6.8	9.9	10.4	8.9	9.9	18
INTEREST CHARGES**	4.5	4.3	4.4	4.8	5.6	19
PREFERRED DIVIDENDS **	-	0.4	0.6	0.6	0.7	20
EARNINGS AVAILABLE FOR COMMON EQUITY	16.8	13.0	9.0	12.7	12.9	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
DOLLARS PER AVERAGE ACCESS LINE PER MONTH						
WAGES AND BENEFITS	-	-	-	-	-	23
OTHER OPERATION AND MAINTENANCE EXPENSES	15.16	12.53	15.56	17.41	15.83	24
DEPRECIATION AND AMORTIZATION EXPENSES	4.16	3.81	4.48	5.55	5.71	25
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	26
INCOME TAXES - OPERATING	0.62	2.83	2.75	3.58	1.53	27
OTHER TAXES - OPERATING	1.89	2.63	3.13	3.24	3.23	28
						29
INTEREST CHARGES **	1.24	1.13	1.34	1.74	1.82	
PREFERRED DIVIDENDS **	-	0.12	0.19	0.24	0.24	30
EARNINGS AVAILABLE FOR COMMON EQUITY	4.67	3.45	2.71	4.62	4.21	31
TOTAL	$ 27.73	$ 26.50	$ 30.15	$ 36.38	$ 32.58	32

* YEAR END AVERAGE

**NET OF AFC

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CHAMPLAIN TELEPHONE COMPANY, THE
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF TELEPHONE PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	TELEPHONE PLANT	$ 7,519,096	$ 7,263,467	$ 6,803,054	$ 6,566,363	$ 5,548,238
2	ACCUM PROV FOR DEPR & AMORT	1,892,972	1,536,267	1,463,121	1,447,471	1,385,645
3	NET TELEPHONE PLANT	5,626,124	5,727,200	5,339,933	5,118,892	4,162,593
4	INVESTMENTS IN AFFILIATED COMPANIES	99,347	84,354	53,210	18,604	6,000
5	ADVANCES TO AFFILIATED COMPANIES	-	-	-	-	-
6	MISCELLANEOUS PHYSICAL PROPERTY	-	-	-	-	10,697
7	OTHER INVESTMENTS AND FUNDS	56,090	41,963	30,892	26,712	11,912
8	TOTAL INVESTMENTS AND FUNDS	155,437	126,317	84,102	45,316	28,609
9	CASH AND WORKING FUNDS	56,050	49,467	108,885	101,875	92,386
10	SPECIAL CASH DEPOSITS	-	122	122	122	122
11	TEMPORARY CASH INVESTMENTS	893,974	499,162	207,327	846	762
12	NOTES & ACCT'S REC -AFFILIATED CO'S	10,797	4,924	67,002	19,255	-
13	OTHER NOTES AND ACCOUNTS RECEIVABLE	322,730	524,736	241,533	356,335	77,085
14	DUE - CUST & AGENTS LESS ACCUM PROV - UNCOLLECTIBLE ACCTS	247,659	261,199	235,933	186,430	217,274
15	MATERIALS AND SUPPLIES	131,629	132,901	165,921	154,599	110,250
16	MERCH AND MATERIAL HELD FOR SALE	-	-	-	-	-
17	PREPAYMENTS	78,106	78,825	67,216	56,595	43,787
18	OTHER CURRENT AND ACCRUED ASSETS	-	-	-	-	-
19	TOTAL CURRENT AND ACCRUED ASSETS	1,740,945	1,551,336	1,093,939	876,057	541,666
20	UNAMORTIZED DEBT DISCOUNT AND EXPENSE	40,205	41,654	43,102	44,551	46,000
21	EXTRAORDINARY MAINTENANCE & RETIREMENTS	-	-	-	-	-
22	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
23	OTHER DEFERRED DEBITS	-	16,546	19,107	8,072	71,269
24	TOTAL DEFERRED DEBITS	40,205	58,200	62,209	52,623	117,269
25	TOTAL ASSETS AND OTHER DEBITS	7,562,711	$ 7,463,053	$ 6,580,183	$ 6,092,888	$ 4,850,137
	TELEPHONE PLANT					
26	PLANT IN SERVICE	$ 7,507,498	$ 7,163,473	$ 6,782,908	$ 5,911,218	$ 5,114,094
27	PLANT UNDER CONSTRUCTION	11,598	99,994	20,146	655,145	434,144
28	PROPERTY HELD FOR FUTURE USE	-	-	-	-	-
29	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
30	PLANT ADJUSTMENTS	-	-	-	-	-
31	TOTAL TELEPHONE UTILITY PLANT	7,519,096	7,263,467	6,803,054	6,566,363	5,548,238
32	ACCUM PROV FOR DEPR AND AMORT	1,892,972	1,536,267	1,463,121	1,447,471	1,385,645
33	NET TELEPHONE PLANT	5,626,124	5,727,200	5,339,933	5,118,892	4,162,593
	PLANT IN SERVICE					
34	BEGINNING OF YEAR	7,163,473	6,782,908	5,911,218	5,114,094	4,731,725
35	ADDITIONS	515,849	726,910	1,372,553	1,111,212	560,448
36	RETIREMENTS	171,824	346,345	500,863	407,977	178,079
37	TRANSFERS AND ADJUSTMENTS	-	-	-	93,889	-
38	END OF YEAR	$ 7,507,498	$ 7,163,473	$ 6,782,908	$ 5,911,218	$ 5,114,094

CHAMPLAIN TELEPHONE COMPANY, THE
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 210,000	$ 210,000	$ 210,000	$ 210,000	$ 210,000	1
PREFERRED CAPITAL STOCK	205,050	215,050	226,050	238,700	252,000	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	2,341,010	2,206,810	1,870,239	1,418,141	1,055,662	9
TOTAL PROPRIETARY CAPITAL	2,756,060	2,631,860	2,306,289	1,866,841	1,517,662	10
BONDS (LESS BONDS REACQUIRED)	3,044,571	3,095,299	2,661,684	2,146,812	1,835,482	11
ADVANCES FROM AFFILIATED COMPANIES	-	-	-	-	-	12
OTHER LONG-TERM DEBT	-	-	-	-	-	13
TOTAL LONG-TERM DEBT	3,044,571	3,095,299	2,661,684	2,146,812	1,835,482	14
NOTES & ACCTS PAY TO AFFILIATED CO'S	-	-	-	-	-	15
OTHER NOTES AND ACCOUNTS PAYABLE	204,051	224,450	361,229	914,082	551,410	16
CUSTOMERS' DEPOSITS	-	-	456	4,045	2,300	17
ADVANCE BILLING AND PAYMENTS	13,430	10,764	10,180	8,804	19,169	18
TAXES ACCRUED	321-	20,714-	67,444-	45,568	42,212-	19
OTHER CURRENT AND ACCRUED LIABILITIES	53,848	51,048	36,554	52,031	161,452	20
TOTAL CURRENT AND ACCRUED LIABILITIES	271,008	265,548	340,975	1,024,530	692,119	21
UNAMORTIZED PREMIUM ON DEBT	-	-	-	-	-	22
ACCUM. DEFERRED INVESTMENT TAX CREDITS	408,770	439,309	470,229	383,814	285,299	23
OTHER DEFERRED CREDITS	6,465	-	-	-	-	24
TOTAL DEFERRED CREDITS	415,235	439,309	470,229	383,814	285,299	25
OPERATING RESERVES	-	-	-	71,361	76,108	26
ACCUM. DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION	1,040,483	991,179	783,973	583,164	427,273	27
ACCUM. DEFERRED INCOME TAXES - OTHER	35,354	39,858	17,033	16,366	16,194	28
TOTAL LIABILITIES AND OTHER CREDITS	$ 7,562,711	$ 7,463,053	$ 6,580,183	$ 6,092,888	$ 4,850,137	29
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS/CURRENT LIABILITIES	6.42	5.84	3.21	0.86	0.78	30
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	52.4	54.0	53.5	53.4	54.7	31
PREFERRED STOCK	3.5	3.7	4.5	5.9	7.5	32
COMMON STOCK & OTHER PAID-IN CAPITAL	3.6	3.6	4.2	5.2	6.2	33
RETAINED EARNINGS	40.3	38.5	37.6	35.3	31.4	34
LONG TERM DEBT % OF GROSS UTILITY PLANT	40.4	42.6	39.1	32.6	33.0	35
ACCUM. PROV. FOR DEPR & AMORT. %OF UTIL. PLT	25.1	21.1	21.5	22.0	24.9	36

CHAMPLAIN TELEPHONE COMPANY, THE
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
			SOURCES OF FUNDS			
	INTERNAL					
1	NET INCOME	$ 192,769	$ 393,226	$ 510,664	$ 426,401	$ 172,741
2	DEPRECIATION AND AMORTIZATION	432,754	400,777	374,249	320,889	306,226
3	DEFERRED INCOME TAXES (NET)	20,726	199,111	287,891	254,578	112,425
4	INTEREST CAPITALIZED	-	-	29,800-	-	-
5	OTHER (NET)	-	-	-	-	-
6	SUBTOTAL	646,249	993,114	1,143,004	1,001,868	591,392
7	EXTRAORDINARY ITEMS	-	2,597	1,455	3,058-	-
8	TOTAL FUNDS - INTERNAL SOURCES	646,249	995,711	1,144,459	998,810	591,392
9	LESS DIVIDENDS PREFERRED	13,653	14,336	15,105	15,948	16,510
	COMMON	44,916	44,916	44,916	44,916	44,916
11	NET FUNDS - INTERNAL SOURCES	587,680	936,459	1,084,438	937,946	529,966
	EXTERNAL					
12	LONG TERM DEBT	-	473,884	540,884	336,000	-
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	-	-	-	-	-
17	OTHER (NET)	-	-	-	-	-
18	TOTAL FUNDS - EXTERNAL SOURCES	-	473,884	540,884	336,000	-
	OTHER SOURCES					
19	NET DECREASE IN WORKING CAPITAL	-	-	-	91,328	437,385
20	OTHER	143,783	108,660	161,762	190,981	105,670
21	TOTAL FUNDS PROVIDED	$ 731,463	$ 1,519,003	$ 1,787,084	$ 1,556,255	$ 1,073,021
			USES OF FUNDS			
	CONSTRUCTION EXPENDITURES					
22	TELEPHONE PLANT	$ 428,810	$ 806,758	$ 737,554	$ 1,387,398	$ 893,382
23	NON-UTILITY PLANT	-	-	-	-	10,697
24	OTHER	-	-	-	-	-
25	TOTAL CONSTRUCTION	428,810	806,758	737,554	1,387,398	904,079
26	LESS INTEREST CAPITALIZED	-	-	29,800	-	-
27	TOTAL EXCLUDING INTEREST CAPITALIZED	428,810	806,758	707,754	1,387,398	904,079
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	50,728	40,270	26,011	24,670	16,261
29	PREFERRED STOCK	10,000	11,000	12,650	13,300	8,000
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	-	-	80,500	90,000
32	OTHER (NET)	-	-	-	-	-
33	TOTAL RETIREMENT OF SECURITIES	60,728	51,270	38,661	118,470	114,261
	OTHER USES					
34	NET INCREASE IN WORKING CAPITAL	184,868	521,215	890,816	-	-
35	OTHER	57,057	139,760	149,853	50,387	54,681
36	TOTAL FUNDS APPLIED	$ 731,463	$ 1,519,003	$ 1,787,084	$ 1,556,255	$ 1,073,021

CHAMPLAIN TELEPHONE COMPANY, THE
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM		1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS							
TELEPHONE OPERATING INCOME							
OPERATING REVENUES	$	3,011,027 $	3,271,058 $	3,170,884 $	3,017,322 $	2,266,612	1
OPERATION AND MAINTENANCE EXPENSE		1,949,445	1,898,303	1,721,348	1,593,713	1,338,994	2
EXTRAORDINARY RETIREMENTS		-	-	-	-	-	3
DEPRECIATION		431,305	400,520	372,800	319,798	305,234	4
AMORTIZATION		-	-	-	-	-	5
TAXES OTHER THAN INCOME TAXES-OPERATING		290,135	275,290	241,463	281,916	229,204	6
INCOME TAXES-OPERATING		18,451-	26,206-	76,671	134,526	2,784-	7
OPERATING INCOME TAXES DEFERRED		78,214	238,531	244,052	162,538	139,932	8
INCOME TAXES DEFERRED IN PRIOR YEARS-CR		19,678-	8,500-	42,576-	6,475-	36,397-	9
TOTAL OPERATING EXPENSES		2,710,970	2,777,938	2,613,758	2,486,016	1,974,183	10
TOTAL TELEPHONE OPERATING INCOME		300,057	493,120	557,126	531,306	292,429	11
OTHER INCOME							
DIVIDEND INCOME		16,606	5,594	450	422	392	12
INTEREST INCOME		27,804	20,992	7,891	2,817	139	13
ALLOWANCE FOR CONSTRUCTION FUNDS		-	-	29,800	-	-	14
INCOME FROM SINKING AND OTHER FUNDS		-	-	-	-	-	15
INCOME FROM MISC. PHYSICAL PROPERTY		-	-	-	-	-	16
MISCELLANEOUS INCOME		11,206	28,236	35,483	10,617	52-	17
TOTAL OTHER INCOME		55,616	54,822	73,624	13,856	479	18
TOTAL INCOME		355,673	547,942	630,750	545,162	292,908	19
INCOME DEDUCTIONS							
TAXES OTHER THAN INC. TAXES-NONOPERATING		-	-	-	-	-	20
INCOME TAXES-NONOPERATING		-	-	-	-	-	21
MISCELLANEOUS INCOME CHARGES		4,206	3,479	2,369	1,855	1,704	22
TOTAL INCOME DEDUCTIONS		4,206	3,479	2,369	1,855	1,704	23
INCOME BEFORE INTEREST CHARGES		351,467	544,463	628,381	543,307	291,204	24
INTEREST CHARGES							
INTEREST ON LONG-TERM DEBT		153,374	145,360	115,880	105,908	92,341	25
AMORT. OF DEBT DISCOUNT AND EXPENSE		1,449	1,449	1,449	1,449	1,449	26
AMORT. OF PREMIUM ON DEBT-CREDIT		-	-	-	-	-	27
INTEREST ON DEBT TO ASSOCIATED COMPANIES		-	-	-	-	-	28
OTHER INTEREST EXPENSE		3,875	4,428	388	9,549	24,024	29
TOTAL INTEREST CHARGES		158,698	151,237	117,717	116,906	117,814	30
INCOME BEFORE EXTRAORDINARY/DELAYED ITEMS		192,769	393,226	510,664	426,401	173,390	31
EXTRAORDINARY & DELAYED ITEMS - NET LESS TAX EFFECT		-	2,597	1,455	3,058-	649-	32
NET INCOME	$	192,769 $	395,823 $	512,119 $	423,343 $	172,741	33
RETAINED EARNINGS							
BEGINNING OF YEAR	$	2,206,810 $	1,870,239 $	1,418,141 $	1,055,662 $	944,347	34
TRANSFERRED FROM INCOME		192,769	395,823	512,119	423,343	172,741	35
MISCELLANEOUS CREDITS		-	-	-	-	-	36
MISCELLANEOUS DEBITS		-	-	-	-	-	37
APPROPRIATIONS		-	-	-	-	-	38
DIVIDENDS DECLARED-PREFERRED STOCK		13,653	14,336	15,104	15,948	16,510	39
-COMMON STOCK		44,916	44,916	44,916	44,916	44,916	40
BALANCE END OF YEAR		2,341,010	2,206,810	1,870,239	1,418,141	1,055,662	41
APPROPRIATED RETAINED EARNINGS		-	-	-	-	-	42
TOTAL END OF YEAR	$	2,341,010 $	2,206,810 $	1,870,239 $	1,418,141 $	1,055,662	43
SELECTED INCOME ACCOUNT RELATIONSHIPS							
NET INCOME-PERCENT OF OPERATING REVENUES		6.4	12.1	16.1	14.0	7.6	44
PRETAX COVERAGE OF INTEREST CHARGES		2.5	4.9	7.7	7.1	3.3	45
COMMON STOCK DIVIDENDS AS A % OF EARNINGS		25.0	11.7	9.0	11.0	28.7	46
RETURN ON COMMON EQUITY		7.2	15.9	26.8	28.1	12.9	47

207E

CHAMPLAIN TELEPHONE COMPANY, THE
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM		1987	1986	1985	1984	1983
	TELEPHONE OPERATING REVENUES						
1	LOCAL REVENUES	$	773,214 $	743,704 $	721,331 $	708,728 $	654,808
2	ACCESS REVENUES		1,081,236	1,473,056	1,348,925	-	-
3	TOLL REVENUES		791,197	742,501	807,340	2,282,844	1,678,400
4	MISCELLANEOUS REVENUES		391,380	329,797	305,288	49,750	40,404
5	UNCOLLECTIBLE REVENUES-DR		26,000	18,000	12,000	24,000	107,000
6	TOTAL OPERATING REVENUES	$	3,011,027 $	3,271,058 $	3,170,884 $	3,017,322 $	2,266,612
7	ACCESS LINES IN SERVICE		4,637	4,430	4,096	3,815	3,834
	TELEPHONE OPERATING REVENUE RELATIONSHIPS						
	REVENUE PER AVERAGE ACCESS LINE*						
8	LOCAL REVENUE		$ 170.56	$ 174.45	$ 182.36	$ 185.31	$ 172.48
9	ACCESS REVENUE		238.50	345.54	341.03		
10	TOLL REVENUE		174.52	174.17	204.11	596.90	442.09

*YEAR END AVERAGE

LINE NO	ITEM		1987	1986	1985	1984	1983
	OPERATION AND MAINTENANCE EXPENSES						
11	MAINTENANCE EXPENSES	$	671,116 $	594,503 $	574,889 $	530,125 $	434,888
12	DEPRECIATION & AMORTIZATION		431,305	400,520	372,800	319,798	305,234
13	TRAFFIC EXPENSES		293,623	274,353	251,736	212,170	177,276
14	COMMERCIAL EXPENSES		183,048	172,682	159,323	120,755	95,109
15	ACCESS EXPENSES		-	-	-	-	-
16	GENERAL OFFICE SALARIES & EXPENSES		369,653	413,145	400,222	423,502	363,005
17	OTHER OPERATING EXPENSES		432,005	443,620	335,178	307,161	268,716
18	TOTAL O & M EXPENSES	$	2,380,750 $	2,298,823 $	2,094,148 $	1,913,511 $	1,644,228

CHAMPLAIN TELEPHONE COMPANY, THE
DISTRIBUTION OF TELEPHONE REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
REVENUES	$ 3,011,027	$ 3,271,068	$ 3,170,884	$ 3,017,322	$ 2,266,612	1
ACCESS LINES - AVERAGE*	4,534	4,263	3,966	3,825	3,797	2
DOLLAR AMOUNTS						
WAGES AND BENEFITS	$ 1,239,707	$ 1,178,509	$ 1,120,945	$ 947,734	$ 823,872	3
OTHER OPERATION AND MAINTENANCE EXPENSES	709,738	719,794	591,403	645,979	515,122	4
DEPRECIATION AND AMORTIZATION EXPENSES	431,305	400,520	372,800	319,798	305,234	5
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	6
INCOME TAXES - OPERATING	40,085	203,825	278,147	290,589	100,751	7
OTHER TAXES - OPERATING	290,136	275,290	241,463	281,916	229,204	8
INTEREST CHARGES **	158,698	151,237	111,498	116,906	117,814	9
PREFERRED DIVIDENDS**	13,653	14,336	14,293	15,948	16,510	10
EARNINGS AVAILABLE FOR COMMON EQUITY	127,706	327,547	421,335	398,452	158,105	11
TOTAL	$ 3,011,027	$ 3,271,068	$ 3,170,884	$ 3,017,322	$ 2,266,612	12
PERCENT OF REVENUES						
WAGES AND BENEFITS	41.2	36.0	35.6	31.4	36.3	13
OTHER OPERATION AND MAINTENANCE EXPENSES	23.6	22.0	18.7	21.4	22.7	14
DEPRECIATION AND AMORTIZATION EXPENSES	14.3	12.2	11.8	10.6	13.5	15
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	16
INCOME TAXES - OPERATING	1.3	6.2	8.8	9.6	4.4	17
OTHER TAXES - OPERATING	9.6	8.4	7.6	9.3	10.1	18
INTEREST CHARGES**	5.3	4.6	3.5	3.9	5.2	19
PREFERRED DIVIDENDS **	0.5	0.4	0.5	0.5	0.7	20
EARNINGS AVAILABLE FOR COMMON EQUITY	4.2	10.0	13.6	13.2	7.0	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
DOLLARS PER AVERAGE ACCESS LINE PER MONTH						
WAGES AND BENEFITS	$ 22.79	$ 23.04	$ 23.81	$ 20.65	$ 18.08	23
OTHER OPERATION AND MAINTENANCE EXPENSES	13.05	14.07	12.46	14.08	11.31	24
DEPRECIATION AND AMORTIZATION EXPENSES	7.93	7.83	7.86	6.97	6.70	25
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	26
INCOME TAXES - OPERATING	0.74	3.98	5.86	6.33	2.21	27
OTHER TAXES - OPERATING	5.33	5.38	5.09	6.14	5.03	28
						29
INTEREST CHARGES **	2.92	2.96	2.35	2.55	2.59	
PREFERRED DIVIDENDS **	0.25	0.28	0.30	0.35	0.36	30
EARNINGS AVAILABLE FOR COMMON EQUITY	2.35	6.40	9.09	8.68	3.47	31
TOTAL	$ 55.35	$ 63.94	$ 66.80	$ 65.75	$ 49.75	32

* YEAR END AVERAGE

**NET OF AFC

CHAUTAUQUA AND ERIE TELEPHONE CORPORATION
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF TELEPHONE PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	TELEPHONE PLANT	$ 15,287,056	$ 14,378,287	$ 14,452,220	$ 13,488,380	$ 13,428,666
2	ACCUM. PROV. FOR DEPR. & AMORT.	4,240,444	3,940,290	4,015,800	4,453,464	4,206,836
3	NET TELEPHONE PLANT	11,046,612	10,437,997	10,436,420	9,034,916	9,221,830
4	INVESTMENTS IN AFFILIATED COMPANIES	40,324	40,324	40,324	40,324	40,324
5	ADVANCES TO AFFILIATED COMPANIES	-	-	-	-	-
6	MISCELLANEOUS PHYSICAL PROPERTY	-	-	-	-	-
7	OTHER INVESTMENTS AND FUNDS	-	-	-	-	-
8	TOTAL INVESTMENTS AND FUNDS	40,324	40,324	40,324	40,324	40,324
9	CASH AND WORKING FUNDS	85,988	54,452	84,420	116,878	38,315
10	SPECIAL CASH DEPOSITS	94,864	286,843	182,184	88,305	185
11	TEMPORARY CASH INVESTMENTS	-	-	-	-	-
12	NOTES & ACCT'S REC.-AFFILIATED CO'S	166,581	196,509	222,873	19,424	32,016
13	OTHER NOTES AND ACCOUNTS RECEIVABLE	256,823	272,427	578,419	516,265	299,113
14	DUE - CUST. & AGENTS LESS ACCUM. PROV. - UNCOLLECTIBLE ACCTS	271,788	245,429	294,175	238,250	345,848
15	MATERIALS AND SUPPLIES	258,697	271,419	217,952	321,052	187,555
16	MERCH. AND MATERIAL HELD FOR SALE	-	-	-	-	-
17	PREPAYMENTS	114,204	127,210	102,848	94,292	96,179
18	OTHER CURRENT AND ACCRUED ASSETS	230,734	205,569	191,561	188,300	184,234
19	TOTAL CURRENT AND ACCRUED ASSETS	1,479,779	1,659,858	1,834,432	1,582,766	1,183,425
20	UNAMORTIZED DEBT DISCOUNT AND EXPENSE	35,439	38,521	41,602	44,684	47,765
21	EXTRAORDINARY MAINTENANCE & RETIREMENTS	-	-	-	-	-
22	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
23	OTHER DEFERRED DEBITS	30,028	36,954	21,356	42,022	25,921
24	TOTAL DEFERRED DEBITS	65,467	75,475	62,958	86,706	73,686
25	TOTAL ASSETS AND OTHER DEBITS	12,632,182	$ 12,213,654	$ 12,374,134	$ 10,744,712	$ 10,519,265
	TELEPHONE PLANT					
26	PLANT IN SERVICE	$ 15,185,828	$ 14,345,772	$ 14,410,385	$ 13,519,250	$ 13,335,432
27	PLANT UNDER CONSTRUCTI.	101,228	32,515	41,835	30,870-	93,234
28	PROPERTY HELD FOR FUTUF USE	-	-	-	-	-
29	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
30	PLANT ADJUSTMENTS	-	-	-	-	-
31	TOTAL TELEPHONE UTILITY PLANT	15,287,056	14,378,287	14,452,220	13,488,380	13,428,666
32	ACCUM. PROV. FOR DEPR. AND AMORT.	4,240,444	3,940,290	4,015,800	4,453,464	4,206,836
33	NET TELEPHONE PLANT	11,046,612	10,437,997	10,436,420	9,034,916	9,221,830
	PLANT IN SERVICE					
34	BEGINNING OF YEAR	14,345,772	14,410,385	13,519,250	13,335,432	12,866,385
35	ADDITIONS	1,249,280	1,012,916	2,111,391	668,195	718,332
36	RETIREMENTS	409,224	1,077,529	1,220,256	484,377	249,285
37	TRANSFERS AND ADJUSTMENTS	-	-	-	-	-
38	END OF YEAR	$ 15,185,828	$ 14,345,772	$ 14,410,385	$ 13,519,250	$ 13,335,432

CHAUTAUQUA AND ERIE TELEPHONE CORPORATION
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 780,320	$ 780,320	$ 780,320	$ 780,320	$ 780,320	1
PREFERRED CAPITAL STOCK	650,000	650,000	650,000	650,000	650,000	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	4,079,525	3,888,770	3,490,893	2,899,814	2,627,976	9
TOTAL PROPRIETARY CAPITAL	5,509,845	5,319,090	4,921,213	4,330,134	4,058,296	10
BONDS (LESS BONDS REACQUIRED)	2,430,000	2,490,000	2,550,000	2,610,000	2,670,000	11
ADVANCES FROM AFFILIATED COMPANIES	-	-	-	-	-	12
OTHER LONG-TERM DEBT	-	-	-	-	-	13
TOTAL LONG-TERM DEBT	2,430,000	2,490,000	2,550,000	2,610,000	2,670,000	14
NOTES & ACCTS PAY TO AFFILIATED CO'S	25,818	25,126	36,275	4,781	-	15
OTHER NOTES AND ACCOUNTS PAYABLE	2,701,169	2,463,949	2,980,820	2,261,873	2,402,342	16
CUSTOMERS' DEPOSITS	43,120	29,921	28,616	43,843	46,105	17
ADVANCE BILLING AND PAYMENTS	27,000	27,000	27,000	27,000	26,000	18
TAXES ACCRUED	111,493	116,809	228,112	232,997	231,432	19
OTHER CURRENT AND ACCRUED LIABILITIES	124,523	213,585	174,775	160,967	155,377	20
TOTAL CURRENT AND ACCRUED LIABILITIES	3,033,123	2,876,390	3,475,598	2,731,461	2,861,256	21
UNAMORTIZED PREMIUM ON DEBT	-	-	-	-	-	22
ACCUM. DEFERRED INVESTMENT TAX CREDITS	501,747	547,201	591,688	421,063	378,718	23
OTHER DEFERRED CREDITS	45,820	-	-	-	-	24
TOTAL DEFERRED CREDITS	547,567	547,201	591,688	421,063	378,718	25
OPERATING RESERVES	-	-	-	-	-	26
ACCUM. DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION	1,150,998	1,024,523	877,233	689,220	550,995	27
ACCUM. DEFERRED INCOME TAXES - OTHER	39,351-	43,550-	41,598-	37,166-	-	28
TOTAL LIABILITIES AND OTHER CREDITS	$ 12,632,182	$ 12,213,654	$ 12,374,134	$ 10,744,712	$ 10,519,265	29
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS/CURRENT LIABILITIES	0.49	0.58	0.53	0.58	0.41	30
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	30.6	31.8	34.1	37.6	39.6	31
PREFERRED STOCK	8.1	8.3	8.7	9.3	9.6	32
COMMON STOCK & OTHER PAID-IN CAPITAL	9.8	9.9	10.4	11.2	11.5	33
RETAINED EARNINGS	51.3	49.7	46.7	41.7	39.0	34
LONG TERM DEBT % OF GROSS UTILITY PLANT	15.8	17.3	17.6	19.3	19.8	35
ACCUM. PROV. FOR DEPR & AMORT. %OF UTIL. PLT	27.7	27.4	27.7	33.0	31.3	36

CHAUTAUQUA AND ERIE TELEPHONE CORPORATION
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL					
1	NET INCOME	$ 746.363	$ 842,117	$ 935.884	$ 556.982	$ 570.405
2	DEPRECIATION AND AMORTIZATION	687.472	725.127	718.751	679.732	605.472
3	DEFERRED INCOME TAXES (NET)	131.040	100.851	354.205	143.405	139.955
4	INTEREST CAPITALIZED	-	-	-	-	-
5	OTHER (NET)	-	-	-	-	-
6	SUBTOTAL	1,564.875	1.668.095	2,008.840	1,380.119	1,315.832
7	EXTRAORDINARY ITEMS	-	-	-	-	204.833
8	TOTAL FUNDS - INTERNAL SOURCES	1,564.875	1,668.095	2,008.840	1,380.119	1,520.665
9	LESS DIVIDENDS PREFERRED	46,500	46.500	46.500	46.500	46.500
	COMMON	509.108	397,740	298.305	238.644	238.644
11	NET FUNDS - INTERNAL SOURCES	1.009.267	1,223.855	1,664,035	1,094.975	1,235,521
	EXTERNAL					
12	LONG TERM DEBT	-	-	-	-	-
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	341,500	435,000	1,759,500	-	-
17	OTHER (NET)	-	-	-	-	-
18	TOTAL FUNDS - EXTERNAL SOURCES	341,500	435,000	1,759,500	-	-
	OTHER SOURCES					
19	NET DECREASE IN WORKING CAPITAL	2.238	-	-	-	-
20	OTHER	44.858	279.974	87.589	56,241	65,155
21	TOTAL FUNDS PROVIDED	$ 1,397.863	$ 1.938.829	$ 3.511,124	$ 1,151,216	$ 1,300,676
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
22	TELEPHONE PLANT	$ 1,317.993	$ 1,003.596	$ 2,184,096	$ 544,092	$ 753,581
23	NON-UTILITY PLANT	-	-	-	-	-
24	OTHER	-	-	-	-	-
25	TOTAL CONSTRUCTION	1,317.993	1.003.596	2,184.096	544.092	753.581
26	LESS INTEREST CAPITALIZED	-	-	-	-	-
27	TOTAL EXCLUDING INTEREST CAPITALIZED	1,317.993	1,003.596	2,184.096	544.092	753.581
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	60.000	60,000	60.000	60,000	372,000
29	PREFERRED STOCK	-	-	-	-	-
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	822,500	1,001,500	327,250	97,000
32	OTHER (NET)	-	-	-	-	-
33	TOTAL RETIREMENT OF SECURITIES	60.000	882,500	1,061,500	387,250	469,000
	OTHER USES					
34	NET INCREASE IN WORKING CAPITAL	-	52,733	256,972	203,773	52,825
35	OTHER	19,870	-	8,556	16,101	25,270
36	TOTAL FUNDS APPLIED	$ 1,397.863	$ 1,938.829	$ 3.511,124	$ 1,151,216	$ 1,300.676

CHAUTAUQUA AND ERIE TELEPHONE CORPORATION
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
TELEPHONE OPERATING INCOME						
OPERATING REVENUES	$ 4,864,571	$ 5,341,863	$ 5,471,606	$ 4,662,279	$ 4,466,499	1
OPERATION AND MAINTENANCE EXPENSE	2,003,689	2,110,629	2,037,618	1,948,105	1,973,472	2
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	3
DEPRECIATION	684,391	722,046	715,669	676,651	555,653	4
AMORTIZATION	-	-	-	-	-	5
TAXES OTHER THAN INCOME TAXES-OPERATING	545,348	540,597	538,783	575,131	543,674	6
INCOME TAXES-OPERATING	316,141	543,812	646,515	346,763	253,892	7
OPERATING INCOME TAXES DEFERRED	237,153	198,398	216,452	138,032	120,224	8
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	60,659-	53,060-	32,872-	36,972-	28,519-	9
TOTAL OPERATING EXPENSES	3,726,063	4,062,422	4,122,165	3,547,710	3,418,396	10
TOTAL TELEPHONE OPERATING INCOME	1,138,508	1,279,441	1,349,441	1,014,569	1,048,103	11
OTHER INCOME						
DIVIDEND INCOME	-	-	-	4,207	-	12
INTEREST INCOME	17,022	12,385	10,032	-	1,618	13
ALLOWANCE FOR CONSTRUCTION FUNDS	-	-	-	-	-	14
INCOME FROM SINKING AND OTHER FUNDS	-	-	-	-	-	15
INCOME FROM MISC. PHYSICAL PROPERTY	-	-	-	-	-	16
MISCELLANEOUS INCOME	-	7	403	316	644	17
TOTAL OTHER INCOME	17,022	12,392	10,435	4,523	2,262	18
TOTAL INCOME	1,155,530	1,291,833	1,359,876	1,019,092	1,050,365	19
INCOME DEDUCTIONS						
TAXES OTHER THAN INC. TAXES-NONOPERATING	-	-	-	-	-	20
INCOME TAXES-NONOPERATING	-	-	-	-	-	21
MISCELLANEOUS INCOME CHARGES	24,178	21,260	20,455	16,852	24,744	22
TOTAL INCOME DEDUCTIONS	24,178	21,260	20,455	16,852	24,744	23
INCOME BEFORE INTEREST CHARGES	1,131,352	1,270,573	1,339,421	1,002,240	1,025,621	24
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	213,122	218,297	223,472	228,647	247,472	25
AMORT. OF DEBT DISCOUNT AND EXPENSE	3,081	3,081	3,082	3,081	3,343	26
AMORT. OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	27
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	28
OTHER INTEREST EXPENSE	168,786	207,078	176,983	213,530	204,401	29
TOTAL INTEREST CHARGES	384,989	428,456	403,537	445,258	455,216	30
INCOME BEFORE EXTRAORDINARY/DELAYED ITEMS	746,363	842,117	935,884	556,982	570,405	31
EXTRAORDINARY & DELAYED ITEMS - NET LESS TAX EFFECT	-	-	-	-	204,833	32
NET INCOME	$ 746,363	$ 842,117	$ 935,884	$ 556,982	$ 775,238	33
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 3,888,770	$ 3,490,893	$ 2,899,814	$ 2,627,976	$ 2,137,882	34
TRANSFERRED FROM INCOME	746,363	842,117	935,884	556,982	775,238	35
MISCELLANEOUS CREDITS	-	-	-	-	-	36
MISCELLANEOUS DEBITS	-	-	-	-	-	37
APPROPRIATIONS	-	-	-	-	-	38
DIVIDENDS DECLARED-PREFERRED STOCK	46,500	46,500	46,500	46,500	46,500	39
-COMMON STOCK	509,108	397,740	298,305	238,644	238,644	40
BALANCE END OF YEAR	4,079,525	3,888,770	3,490,893	2,899,814	2,627,976	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 4,079,525	$ 3,888,770	$ 3,490,893	$ 2,899,814	$ 2,627,976	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME-PERCENT OF OPERATING REVENUES	15.3	15.7	17.1	11.9	17.3	44
PRETAX COVERAGE OF INTEREST CHARGES	4.2	4.6	5.4	3.3	3.0	45
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	72.7	49.9	33.5	46.7	32.7	46
RETURN ON COMMON EQUITY	14.6	17.7	22.3	14.4	23.0	47

CHAUTAUQUA AND ERIE TELEPHONE CORPORATION
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	TELEPHONE OPERATING REVENUES					
1	LOCAL REVENUES	$ 1,318,126	$ 1,310,969	$ 1,282,759	$ 1,276,635	$ 1,268,441
2	ACCESS REVENUES	1,532,831	1,419,924	1,426,688	-	-
3	TOLL REVENUES	1,340,319	1,970,965	2,146,919	3,048,407	3,082,571
4	MISCELLANEOUS REVENUES	693,795	655,050	650,144	343,283	121,987
5	UNCOLLECTIBLE REVENUES-DR	20,500	15,045	34,904	6,046	6,500
6	TOTAL OPERATING REVENUES	$ 4,864,571	$ 5,341,863	$ 5,471,606	$ 4,662,273	$ 4,466,499
7	ACCESS LINES IN SERVICE	8,879	8,766	8,660	8,551	8,265
	TELEPHONE OPERATING REVENUE RELATIONSHIPS					
	REVENUE PER AVERAGE ACCESS LINE*					
8	LOCAL REVENUE	$ 149.41	$ 150.46	$ 149.06	$ 151.84	$ 154.40
9	ACCESS REVENUE	173.74	162.97	165.79		
10	TOLL REVENUE	151.92	226.21	249.48	362.56	375.21
	OPERATION AND MAINTENANCE EXPENSES					
11	MAINTENANCE EXPENSES	$ 652,576	$ 598,648	$ 605,543	$ 555,499	$ 566,997
12	DEPRECIATION & AMORTIZATION	684,391	722,046	715,669	676,651	555,653
13	TRAFFIC EXPENSES	134,509	261,991	247,440	234,128	212,523
14	COMMERCIAL EXPENSES	139,797	196,064	179,589	181,096	225,254
15	ACCESS EXPENSES	-	-	-	-	-
16	GENERAL OFFICE SALARIES & EXPENSES	734,204	714,116	689,229	605,006	558,692
17	OTHER OPERATING EXPENSES	342,603	339,810	315,817	372,376	410,006
18	TOTAL O & M EXPENSES	$ 2,688,080	$ 2,832,675	$ 2,753,287	$ 2,624,756	$ 2,529,125

*YEAR END AVERAGE

CHAUTAUQUA AND ERIE TELEPHONE CORPORATION
DISTRIBUTION OF TELEPHONE REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
REVENUES	$ 4,864,571	$ 5,341,863	$ 5,471,606	$ 4,662,279	$ 4,466,499	1
ACCESS LINES - AVERAGE*	8,823	8,713	8,606	8,408	8,216	2
DOLLAR AMOUNTS						
WAGES AND BENEFITS	$ 1,144,711	$ 1,361,780	$ 1,241,138	$ 1,249,589	$ 1,236,826	3
OTHER OPERATION AND MAINTENANCE EXPENSES	858,978	748,849	796,480	698,516	736,646	4
DEPRECIATION AND AMORTIZATION EXPENSES	684,391	722,046	715,669	676,651	555,653	5
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	6
INCOME TAXES - OPERATING	492,635	689,150	830,095	447,823	345,597	7
OTHER TAXES - OPERATING	545,348	540,597	538,783	575,131	543,674	8
INTEREST CHARGES **	384,989	428,456	403,537	445,258	455,216	9
PREFERRED DIVIDENDS**	46,500	46,500	46,500	46,500	46,500	10
EARNINGS AVAILABLE FOR COMMON EQUITY	707,019	804,485	899,404	522,811	546,387	11
TOTAL	$ 4,864,571	$ 5,341,863	$ 5,471,606	$ 4,662,279	$ 4,466,499	12
PERCENT OF REVENUES						
WAGES AND BENEFITS	23.5	25.5	22.7	26.8	27.7	13
OTHER OPERATION AND MAINTENANCE EXPENSES	17.7	14.0	14.6	15.0	16.5	14
DEPRECIATION AND AMORTIZATION EXPENSES	14.1	13.5	13.1	14.5	12.4	15
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	16
INCOME TAXES - OPERATING	10.1	12.9	15.2	9.6	7.7	17
OTHER TAXES - OPERATING	11.2	10.1	9.8	12.3	12.2	18
INTEREST CHARGES**	7.9	8.0	7.4	9.6	10.2	19
PREFERRED DIVIDENDS **	1.0	0.9	0.8	1.0	1.0	20
EARNINGS AVAILABLE FOR COMMON EQUITY	14.5	15.1	16.4	11.2	12.2	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
DOLLARS PER AVERAGE ACCESS LINE PER MONTH						
WAGES AND BENEFITS	$ 10.81	$ 13.02	$ 12.02	$ 12.38	$ 12.55	23
OTHER OPERATION AND MAINTENANCE EXPENSES	8.11	7.16	7.71	6.92	7.47	24
DEPRECIATION AND AMORTIZATION EXPENSES	6.46	6.91	6.93	6.71	5.64	25
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	26
INCOME TAXES - OPERATING	4.65	6.59	8.04	4.44	3.51	27
OTHER TAXES - OPERATING	5.15	5.17	5.22	5.70	5.51	28
						29
INTEREST CHARGES **	3.64	4.10	3.91	4.41	4.62	
PREFERRED DIVIDENDS **	0.44	0.44	0.45	0.46	0.47	30
EARNINGS AVAILABLE FOR COMMON EQUITY	6.68	7.69	8.71	5.18	5.54	31
TOTAL	$ 45.95	$ 51.09	$ 52.99	$ 46.21	$ 45.31	32

* YEAR END AVERAGE

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CHAZY AND WESTPORT TELEPHONE COMPANY
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF TELEPHONE PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	TELEPHONE PLANT	$ 4,429,055	$ 4,286,496	$ 4,000,227	$ 3,713,477	$ 3,336,196
2	ACCUM PROV FOR DEPR & AMORT	1,296,097	1,262,261	1,079,703	892,695	949,952
3	NET TELEPHONE PLANT	3,132,958	3,024,235	2,920,524	2,820,782	2,386,244
4	INVESTMENTS IN AFFILIATED COMPANIES	113,348	89,078	64,559	57,653	25,621
5	ADVANCES TO AFFILIATED COMPANIES	-	-	-	-	-
6	MISCELLANEOUS PHYSICAL PROPERTY	75	75	75	75	75
7	OTHER INVESTMENTS AND FUNDS	186,200	174,700	162,700	92,700	89,700
8	TOTAL INVESTMENTS AND FUNDS	299,623	263,853	227,334	150,428	115,396
9	CASH AND WORKING FUNDS	21,602	35,675	34,610	52,567	57,454
10	SPECIAL CASH DEPOSITS	-	-	-	-	-
11	TEMPORARY CASH INVESTMENTS	-	-	-	-	1,000
12	NOTES & ACCT'S REC.-AFFILIATED CO'S	68,124	64,847	89,695	42,621	45,961
13	OTHER NOTES AND ACCOUNTS RECEIVABLE	102,740	118,489	158,061	194,125	56,989
14	DUE - CUST & AGENTS LESS ACCUM PROV - UNCOLLECTIBLE ACCTS	171,991	164,192	154,968	149,952	149,685
15	MATERIALS AND SUPPLIES	74,684	64,259	75,038	72,798	68,534
16	MERCH AND MATERIAL HELD FOR SALE	-	-	-	-	-
17	PREPAYMENTS	55,391	53,235	47,399	49,424	50,798
18	OTHER CURRENT AND ACCRUED ASSETS	78,485	66,040	58,504	50,975	44,232
19	TOTAL CURRENT AND ACCRUED ASSETS	573,017	566,737	618,275	612,462	474,653
20	UNAMORTIZED DEBT DISCOUNT AND EXPENSE	12,443	13,008	13,573	14,138	4,986
21	EXTRAORDINARY MAINTENANCE & RETIREMENTS	-	-	-	-	-
22	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
23	OTHER DEFERRED DEBITS	329	-	-	-	-
24	TOTAL DEFERRED DEBITS	12,772	13,008	13,573	14,138	4,986
25	TOTAL ASSETS AND OTHER DEBITS	4,018,370	$ 3,867,833	$ 3,779,706	$ 3,597,810	$ 2,981,279
	TELEPHONE PLANT					
26	PLANT IN SERVICE	$ 4,379,839	$ 4,177,445	$ 3,897,018	$ 3,589,670	$ 3,259,764
27	PLANT UNDER CONSTRUCTION	49,216	109,051	103,209	123,807	76,432
28	PROPERTY HELD FOR FUTURE USE	-	-	-	-	-
29	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
30	PLANT ADJUSTMENTS	-	-	-	-	-
31	TOTAL TELEPHONE UTILITY PLANT	4,429,055	4,286,496	4,000,227	3,713,477	3,336,196
32	ACCUM PROV FOR DEPR AND AMORT	1,296,097	1,262,261	1,079,703	892,695	949,952
33	NET TELEPHONE PLANT	3,132,958	3,024,235	2,920,524	2,820,782	2,386,244
	PLANT IN SERVICE					
34	BEGINNING OF YEAR	4,177,445	3,897,018	3,589,670	3,259,764	3,102,613
35	ADDITIONS	405,207	334,720	334,061	640,269	245,322
36	RETIREMENTS	197,231	54,293	26,713	310,363	88,171
37	TRANSFERS AND ADJUSTMENTS	5,582-	-	-	-	-
38	END OF YEAR	$ 4,379,839	$ 4,177,445	$ 3,897,018	$ 3,589,670	$ 3,259,764

CHAZY AND WESTPORT TELEPHONE COMPANY
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 62,100	$ 62,100	$ 62,100	$ 62,100	$ 62,100	1
PREFERRED CAPITAL STOCK	130,000	130,000	130,000	130,000	130,000	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	1,074,688	943,473	824,518	664,533	571,730	9
TOTAL PROPRIETARY CAPITAL	1,266,788	1,135,573	1,016,618	856,633	763,830	10
BONDS (LESS BONDS REACQUIRED)	2,130,647	2,168,357	2,203,238	1,730,921	1,761,232	11
ADVANCES FROM AFFILIATED COMPANIES	-	-	-	-	-	12
OTHER LONG-TERM DEBT	-	-	-	-	-	13
TOTAL LONG-TERM DEBT	2,130,647	2,168,357	2,203,238	1,730,921	1,761,232	14
NOTES & ACCTS PAY TO AFFILIATED CO'S	2,151	-	2,370	-	-	15
OTHER NOTES AND ACCOUNTS PAYABLE	186,057	163,224	211,667	747,279	207,718	16
CUSTOMERS' DEPOSITS	1,472	1,071	1,085	450	250	17
ADVANCE BILLING AND PAYMENTS	21,379	17,048	14,706	20,076	15,120	18
TAXES ACCRUED	1,976-	2,245-	14,625-	4,949	3,548	19
OTHER CURRENT AND ACCRUED LIABILITIES	15,398	7,290	7,285	9,830	19,452	20
TOTAL CURRENT AND ACCRUED LIABILITIES	224,481	186,388	222,488	782,584	246,088	21
UNAMORTIZED PREMIUM ON DEBT	-	-	-	-	-	22
ACCUM. DEFERRED INVESTMENT TAX CREDITS	50,343	48,730	52,934	57,997	61,956	23
OTHER DEFERRED CREDITS	-	448	-	-	-	24
TOTAL DEFERRED CREDITS	50,343	49,178	52,934	57,997	61,956	25
OPERATING RESERVES	-	-	-	-	-	26
ACCUM. DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION	346,111	328,337	284,428	169,675	148,173	27
ACCUM. DEFERRED INCOME TAXES - OTHER	-	-	-	-	-	28
TOTAL LIABILITIES AND OTHER CREDITS	$ 4,018,370	$ 3,867,833	$ 3,779,706	$ 3,597,810	$ 2,981,279	29
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS/CURRENT LIABILITIES	2.55	3.04	2.78	0.78	1.93	30
PERCENT OF CAPITALIZATION:						
LONG TERM DEBT	62.7	65.6	68.4	66.8	69.7	31
PREFERRED STOCK	3.8	3.9	4.0	5.0	5.1	32
COMMON STOCK & OTHER PAID-IN CAPITAL	1.8	1.8	1.9	2.3	2.4	33
RETAINED EARNINGS	31.6	28.5	25.6	25.6	22.6	34
LONG TERM DEBT % OF GROSS UTILITY PLANT	48.1	50.5	55.0	46.6	52.7	35
ACCUM. PROV. FOR DEPR & AMORT. %OF UTIL. PLT	29.2	29.4	26.9	24.0	28.4	36

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CHAZY AND WESTPORT TELEPHONE COMPANY
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL					
1	NET INCOME	$ 137,715	$ 180,537	$ 166,485	$ 99,303	$ 108,147
2	DEPRECIATION AND AMORTIZATION	238,929	221,318	207,090	250,318	242,686
3	DEFERRED INCOME TAXES (NET)	29,307	39,705	109,690	17,543	53,839
4	INTEREST CAPITALIZED	-	-	-	-	-
5	OTHER (NET)	7,297-	16,098	7,196	2,979	15,157
6	SUBTOTAL	398,654	457,658	490,461	370,143	419,829
7	EXTRAORDINARY ITEMS	-	55,082-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	398,654	402,576	490,461	370,143	419,829
9	LESS DIVIDENDS PREFERRED	6,500	6,500	6,500	6,500	6,500
	COMMON	-	-	-	-	-
11	NET FUNDS - INTERNAL SOURCES	392,154	396,076	483,961	363,643	413,329
	EXTERNAL					
12	LONG TERM DEBT	-	-	505,574	-	-
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	35,000	-	-	280,762	-
17	OTHER (NET)	-	-	-	-	-
18	TOTAL FUNDS - EXTERNAL SOURCES	35,000	-	505,574	280,762	-
	OTHER SOURCES					
19	NET DECREASE IN WORKING CAPITAL	-	21,274	-	116,551	-
20	OTHER	-	-	-	-	-
21	TOTAL FUNDS PROVIDED	$ 427,154	$ 417,350	$ 989,535	$ 760,956	$ 413,329
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
22	TELEPHONE PLANT	$ 339,790	$ 340,562	$ 313,463	$ 687,644	$ 231,066
23	NON-UTILITY PLANT	-	-	-	-	-
24	OTHER	-	-	-	-	-
25	TOTAL CONSTRUCTION	339,790	340,562	313,463	687,644	231,066
26	LESS INTEREST CAPITALIZED	-	-	-	-	-
27	TOTAL EXCLUDING INTEREST CAPITALIZED	339,790	340,562	313,463	687,644	231,066
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	37,710	34,881	33,257	30,311	24,230
29	PREFERRED STOCK	-	-	-	-	-
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	-	425,762	-	20,000
32	OTHER (NET)	-	-	-	-	-
33	TOTAL RETIREMENT OF SECURITIES	37,710	34,881	459,019	30,311	44,230
	OTHER USES					
34	NET INCREASE IN WORKING CAPITAL	1,031	-	142,172	-	123,486
35	OTHER	48,623	41,907	74,881	43,001	14,547
36	TOTAL FUNDS APPLIED	$ 427,154	$ 417,350	$ 989,535	$ 760,956	$ 413,329

CHAZY AND WESTPORT TELEPHONE COMPANY
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
TELEPHONE OPERATING INCOME						
OPERATING REVENUES	$ 1,574,443	$ 1,550,892	$ 1,633,876	$ 1,559,294	$ 1,388,265	1
OPERATION AND MAINTENANCE EXPENSE	988,770	922,142	937,644	1,024,466	797,486	2
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	3
DEPRECIATION	182,056	173,567	164,555	208,815	204,574	4
AMORTIZATION	-	-	-	-	-	5
TAXES OTHER THAN INCOME TAXES-OPERATING	137,131	128,274	125,176	137,902	124,508	6
INCOME TAXES-OPERATING	2,451	3,508-	752-	4,595-	4,180	7
OPERATING INCOME TAXES DEFERRED	27,694	43,909	114,753	21,502	55,489	8
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	-	-	-	-	-	9
TOTAL OPERATING EXPENSES	1,338,102	1,264,384	1,341,376	1,388,090	1,186,237	10
TOTAL TELEPHONE OPERATING INCOME	236,341	286,508	292,500	171,204	202,028	11
OTHER INCOME						
DIVIDEND INCOME	-	-	-	-	-	12
INTEREST INCOME	151	181	1,518	988	78	13
ALLOWANCE FOR CONSTRUCTION FUNDS	-	-	-	-	-	14
INCOME FROM SINKING AND OTHER FUNDS	-	-	-	-	-	15
INCOME FROM MISC. PHYSICAL PROPERTY	-	-	-	-	-	16
MISCELLANEOUS INCOME	30,123	29,843	12,110	37,189	16,891	17
TOTAL OTHER INCOME	30,274	30,024	13,628	38,177	16,969	18
TOTAL INCOME	266,615	316,532	306,128	209,381	218,997	19
INCOME DEDUCTIONS						
TAXES OTHER THAN INC. TAXES-NONOPERATING	-	-	-	-	-	20
INCOME TAXES-NONOPERATING	-	-	-	-	-	21
MISCELLANEOUS INCOME CHARGES	4,108-	1,187-	1,789	5,127	785	22
TOTAL INCOME DEDUCTIONS	4,108-	1,187-	1,789	5,127	785	23
INCOME BEFORE INTEREST CHARGES	270,723	317,719	304,339	204,254	218,212	24
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	132,363	134,189	123,739	86,909	88,207	25
AMORT. OF DEBT DISCOUNT AND EXPENSE	565	565	565	191	191	26
AMORT. OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	27
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	28
OTHER INTEREST EXPENSE	80	2,428	13,550	17,851	21,667	29
TOTAL INTEREST CHARGES	133,008	137,182	137,854	104,951	110,065	30
INCOME BEFORE EXTRAORDINARY/DELAYED ITEMS	137,715	180,537	166,485	99,303	108,147	31
EXTRAORDINARY & DELAYED ITEMS - NET LESS TAX EFFECT	-	55,082-	-	-	-	32
NET INCOME	$ 137,715	$ 125,455	$ 166,485	$ 99,303	$ 108,147	33
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 943,473	$ 824,518	$ 664,533	$ 571,730	$ 470,083	34
TRANSFERRED FROM INCOME	137,715	125,455	166,485	99,303	108,147	35
MISCELLANEOUS CREDITS	-	-	-	-	-	36
MISCELLANEOUS DEBITS	-	-	-	-	-	37
APPROPRIATIONS	-	-	-	-	-	38
DIVIDENDS DECLARED-PREFERRED STOCK	6,500	6,500	6,500	6,500	6,500	39
-COMMON STOCK	-	-	-	-	-	40
BALANCE END OF YEAR	1,074,688	943,473	824,518	664,533	571,730	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 1,074,688	$ 943,473	$ 824,518	$ 664,533	$ 571,730	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME-PERCENT OF OPERATING REVENUES	8.7	8.0	10.1	6.3	7.7	44
PRETAX COVERAGE OF INTEREST CHARGES	2.2	2.6	3.0	2.1	2.5	45
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	-	-	-	-	-	46
RETURN ON COMMON EQUITY	12.2	12.5	19.8	13.6	17.4	47

CHAZY AND WESTPORT TELEPHONE COMPANY
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
				TELEPHONE OPERATING REVENUES		
1	LOCAL REVENUES	$ 385,284	$ 372,473	$ 350,970	$ 346,404	$ 351,961
2	ACCESS REVENUES	410,733	449,360	483,057	-	-
3	TOLL REVENUES	658,400	621,309	694,457	1,180,116	1,008,212
4	MISCELLANEOUS REVENUES	132,326	117,650	116,192	52,035	37,692
5	UNCOLLECTIBLE REVENUES-DR	12,300	9,900	10,800	19,261	9,600
6	TOTAL OPERATING REVENUES	$ 1,574,443	$ 1,550,892	$ 1,633,876	$ 1,559,294	$ 1,388,265
7	ACCESS LINES IN SERVICE	-	2,621	2,522	2,530	2,411
				TELEPHONE OPERATING REVENUE RELATIONSHIPS		
	REVENUE PER AVERAGE ACCESS LINE*					
8	LOCAL REVENUE	$ 294 00	$ 144 85	$ 138 94	$ 140 22	$ 150 64
9	ACCESS REVENUE	313 42	174 75	191 23		
10	TOLL REVENUE	502 40	241 61	274 92	477 68	431 51

*YEAR END AVERAGE

LINE NO	ITEM	1987	1986	1985	1984	1983
				OPERATION AND MAINTENANCE EXPENSES		
11	MAINTENANCE EXPENSES	$ 359,631	$ 311,935	$ 341,147	$ 334,081	$ 295,477
12	DEPRECIATION & AMORTIZATION	182,056	173,567	164,555	208,815	204,574
13	TRAFFIC EXPENSES	38,899	40,126	36,885	40,694	10,648
14	COMMERCIAL EXPENSES	139,761	124,900	121,130	118,258	91,596
15	ACCESS EXPENSES	-	-	-	-	-
16	GENERAL OFFICE SALARIES & EXPENSES	302,366	288,019	278,911	308,006	265,789
17	OTHER OPERATING EXPENSES	148,113	157,162	159,571	223,427	133,976
18	TOTAL O & M EXPENSES	$ 1,170,826	$ 1,095,709	$ 1,102,199	$ 1,233,281	$ 1,002,060

CHAZY AND WESTPORT TELEPHONE COMPANY
DISTRIBUTION OF TELEPHONE REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
REVENUES	$ 1,574,443	$ 1,550,892	$ 1,633,876	$ 1,559,294	$ 1,388,265	1
ACCESS LINES - AVERAGE*	2,655	2,572	2,526	2,471	2,337	2
DOLLAR AMOUNTS						
WAGES AND BENEFITS	$ 443,095	$ 427,498	$ 427,722	$ 379,906	$ 348,750	3
OTHER OPERATION AND MAINTENANCE EXPENSES	545,675	494,644	509,922	644,560	448,736	4
DEPRECIATION AND AMORTIZATION EXPENSES	182,056	173,567	164,555	208,815	204,574	5
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	6
INCOME TAXES - OPERATING	30,145	40,401	114,001	16,907	59,669	7
OTHER TAXES - OPERATING	137,131	128,274	125,176	137,902	124,508	8
INTEREST CHARGES **	133,008	137,182	137,854	104,951	110,065	9
PREFERRED DIVIDENDS**	6,500	6,500	6,500	6,500	6,500	10
EARNINGS AVAILABLE FOR COMMON EQUITY	96,833	142,826	148,146	59,753	85,463	11
TOTAL	$ 1,574,443	$ 1,550,892	$ 1,633,876	$ 1,559,294	$ 1,388,265	12
PERCENT OF REVENUES						
WAGES AND BENEFITS	28.1	27.6	26.2	24.4	25.1	13
OTHER OPERATION AND MAINTENANCE EXPENSES	34.7	31.9	31.2	41.3	32.3	14
DEPRECIATION AND AMORTIZATION EXPENSES	11.6	11.2	10.1	13.4	14.7	15
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	16
INCOME TAXES - OPERATING	1.9	2.6	7.0	1.1	4.3	17
OTHER TAXES - OPERATING	8.7	8.3	7.7	8.8	9.0	18
INTEREST CHARGES**	8.4	8.8	8.4	6.7	7.9	19
PREFERRED DIVIDENDS **	0.4	0.4	0.4	0.4	0.5	20
EARNINGS AVAILABLE FOR COMMON EQUITY	6.2	9.2	9.1	3.8	6.2	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
DOLLARS PER AVERAGE ACCESS LINE PER MONTH						
WAGES AND BENEFITS	$ 13.91	$ 13.85	$ 14.11	$ 12.81	$ 12.44	23
OTHER OPERATION AND MAINTENANCE EXPENSES	17.13	16.03	16.82	21.74	16.00	24
DEPRECIATION AND AMORTIZATION EXPENSES	5.71	5.62	5.43	7.04	7.30	25
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	26
INCOME TAXES - OPERATING	0.95	1.31	3.76	0.57	2.13	27
OTHER TAXES - OPERATING	4.30	4.16	4.13	4.65	4.44	28
INTEREST CHARGES **	4.17	4.45	4.55	3.54	3.93	29
PREFERRED DIVIDENDS **	0.20	0.21	0.21	0.22	0.23	30
EARNINGS AVAILABLE FOR COMMON EQUITY	3.04	4.63	4.89	2.02	3.05	31
TOTAL	$ 49.42	$ 50.26	$ 53.90	$ 52.60	$ 49.51	32

* YEAR END AVERAGE

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CITIZENS TELEPHONE CO OF HAMMOND N Y INC
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF TELEPHONE PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	TELEPHONE PLANT	$ 1,976,070	$ 1,857,255	$ 1,753,537	$ 1,654,821	$ 1,591,732
2	ACCUM PROV FOR DEPR & AMORT	637,646	557,350	475,875	384,847	332,664
3	NET TELEPHONE PLANT	1,338,424	1,299,905	1,277,662	1,269,974	1,259,068
4	INVESTMENTS IN AFFILIATED COMPANIES	-	-	-	-	-
5	ADVANCES TO AFFILIATED COMPANIES	-	-	-	-	-
6	MISCELLANEOUS PHYSICAL PROPERTY	8,419	3,564	5,406	-	-
7	OTHER INVESTMENTS AND FUNDS	26,000	20,000	5,000	450	-
8	TOTAL INVESTMENTS AND FUNDS	34,419	23,564	10,406	450	-
9	CASH AND WORKING FUNDS	730	20,302	18,780	13,819	1,996
10	SPECIAL CASH DEPOSITS	32,446	16,418	22,256	19,226	151,632
11	TEMPORARY CASH INVESTMENTS	-	-	-	-	-
12	NOTES & ACCT'S REC -AFFILIATED CO'S	-	-	-	-	-
13	OTHER NOTES AND ACCOUNTS RECEIVABLE	66,767	90,136	90,543	59,187	36,198
14	DUE - CUST & AGENTS LESS ACCUM PROV - UNCOLLECTIBLE ACCTS	42,155	37,337	37,049	41,376	8,682
15	MATERIALS AND SUPPLIES	25,781	13,629	8,458	15,436	11,554
16	MERCH AND MATERIAL HELD FOR SALE	14,602	8,771	338-	-	3,805
17	PREPAYMENTS	14,959	13,660	12,921	10,106	12,796
18	OTHER CURRENT AND ACCRUED ASSETS	-	-	-	5,308	-
19	TOTAL CURRENT AND ACCRUED ASSETS	197,440	200,253	189,669	164,458	226,663
20	UNAMORTIZED DEBT DISCOUNT AND EXPENSE	22,351	11,488	11,924	1,250	12,796
21	EXTRAORDINARY MAINTENANCE & RETIREMENTS	-	-	-	12,360	-
22	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
23	OTHER DEFERRED DEBITS	-	5,228	11,019	2,881	1,938
24	TOTAL DEFERRED DEBITS	22,351	16,716	22,943	16,491	14,734
25	TOTAL ASSETS AND OTHER DEBITS	1,592,634	$ 1,540,438	$ 1,500,680	$ 1,451,373	$ 1,500,465
	TELEPHONE PLANT					
26	PLANT IN SERVICE	$ 1,902,282	$ 1,795,263	$ 1,656,220	$ 1,620,312	$ 1,364,001
27	PLANT UNDER CONSTRUCTION	53,487	39,999	73,632	9,132	200,662
28	PROPERTY HELD FOR FUTURE USE	-	-	-	25,377	-
29	PLANT ACQUISITION ADJUSTMENTS	20,301	21,993	23,685	-	27,069
30	PLANT ADJUSTMENTS	-	-	-	-	-
31	TOTAL TELEPHONE UTILITY PLANT	1,976,070	1,857,255	1,753,537	1,654,821	1,591,732
32	ACCUM PROV FOR DEPR AND AMORT	637,646	557,350	475,875	384,847	332,664
33	NET TELEPHONE PLANT	1,338,424	1,299,905	1,277,662	1,269,974	1,259,068
	PLANT IN SERVICE					
34	BEGINNING OF YEAR	1,795,262	1,701,892	1,620,312	1,364,001	1,339,512
35	ADDITIONS	141,121	106,793	35,908	285,909	24,877
36	RETIREMENTS	34,101	13,422	-	29,598	-
37	TRANSFERS AND ADJUSTMENTS	-	-	-	-	388-
38	END OF YEAR	$ 1,902,282	$ 1,795,263	$ 1,656,220	$ 1,620,312	$ 1,364,001

CITIZENS TELEPHONE CO. OF HAMMOND, N.Y., INC.
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 42,000	$ 42,000	$ 42,000	$ 42,000	$ 42,000	1
PREFERRED CAPITAL STOCK	19,200	19,200	19,200	19,200	19,200	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	262,259	203,024	63,093	17,019	23,716-	9
TOTAL PROPRIETARY CAPITAL	323,459	264,224	124,293	78,219	37,484	10
BONDS (LESS BONDS REACQUIRED)	949,410	981,574	1,013,114	1,013,120	1,072,849	11
ADVANCES FROM AFFILIATED COMPANIES	-	-	-	-	-	12
OTHER LONG-TERM DEBT	-	-	-	-	-	13
TOTAL LONG-TERM DEBT	949,410	981,574	1,013,114	1,013,120	1,072,849	14
NOTES & ACCTS PAY TO AFFILIATED CO'S	157,435	-	-	-	-	15
OTHER NOTES AND ACCOUNTS PAYABLE	40,081	108,492	144,526	140,887	237,896	16
CUSTOMERS' DEPOSITS	-	2,700	2,360	1,185	1,360	17
ADVANCE BILLING AND PAYMENTS	8,215	7,461	2,834	-	2,960	18
TAXES ACCRUED	1,502	2,930	16,238	23,054	10,903	19
OTHER CURRENT AND ACCRUED LIABILITIES	14,074	52,670	11,344	44,161	160	20
TOTAL CURRENT AND ACCRUED LIABILITIES	221,307	174,253	177,302	209,287	253,279	21
UNAMORTIZED PREMIUM ON DEBT	-	-	-	-	-	22
ACCUM. DEFERRED INVESTMENT TAX CREDITS	26,679	22,664	23,647	-	-	23
OTHER DEFERRED CREDITS	18,070	54,474	130,924	-	12[illegible],339	24
TOTAL DEFERRED CREDITS	44,749	77,138	154,571	-	122,339	25
OPERATING RESERVES	-	-	-	-	-	26
ACCUM. DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION	50,719	44,731	31,400	130,924	14,514	27
ACCUM. DEFERRED INCOME TAXES - OTHER	2,990	-	-	19,823	-	28
TOTAL LIABILITIES AND OTHER CREDITS	$ 1,592,634	$ 1,541,920	$ 1,500,680	$ 1,451,373	$ 1,500,465	29
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS/CURRENT LIABILITIES	0.89	1.15	1.07	0.79	0.89	30
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	74.5	78.7	89.0	92.8	96.6	31
PREFERRED STOCK	1.5	1.5	1.6	1.7	1.7	32
COMMON STOCK & OTHER PAID-IN CAPITAL	3.2	3.3	3.6	3.8	3.7	33
RETAINED EARNINGS	20.6	16.2	5.5	1.5	2.0-	34
LONG TERM DEBT % OF GROSS UTILITY PLANT	48.0	52.8	57.7	61.2	67.4	35
ACCUM. PROV. FOR DEPR. & AMORT. %OF UTIL. PLT.	32.2	30.0	27.1	23.2	20.8	36

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CITIZENS TELEPHONE CO OF HAMMOND, N Y , INC
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
			SOURCES OF FUNDS			
	INTERNAL					
1	NET INCOME	$ 60,388	$ 60,132	$ 47,225	$ 20,275	$ 28,884
2	DEPRECIATION AND AMORTIZATION	100,223	96,707	70,974	77,566	76,633
3	DEFERRED INCOME TAXES (NET)	-	19,774	35,224	5,542	5,425
4	INTEREST CAPITALIZED	-	-	-	-	-
5	OTHER (NET)	1,692	1,692	-	-	-
6	SUBTOTAL	162,303	178,305	153,423	103,383	110,942
7	EXTRAORDINARY ITEMS	-	3,000	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	162,303	181,305	153,423	103,383	110,942
9	LESS DIVIDENDS PREFERRED	1,152	960	1,152	1,152	-
	COMMON	-	-	-	-	-
11	NET FUNDS - INTERNAL SOURCES	161,151	180,345	152,271	102,231	110,942
	EXTERNAL					
12	LONG TERM DEBT	-	-	-	-	-
13	PREFERRED STOCK		-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	38,000	-	-	-	1,004
17	OTHER (NET)	-	-	-	-	-
18	TOTAL FUNDS - EXTERNAL SOURCES	38,000	-	-	-	1,004
	OTHER SOURCES					
19	NET DECREASE IN WORKING CAPITAL	-	-	-	19,785	-
20	OTHER	-	8,000	-	-	123,043
21	TOTAL FUNDS PROVIDED	$ 199,151	$ 188,345	$ 152,271	$ 122,016	$ 234,989
			USES OF FUNDS			
	CONSTRUCTION EXPENDITURES					
22	TELEPHONE PLANT	$ 147,225	$ 74,846	$ 78,226	$ 88,035	$ 104,481
23	NON-UTILITY PLANT	-	3,114	4,956	450	-
24	OTHER	-	-	-	-	-
25	TOTAL CONSTRUCTION	147,225	77,960	83,182	88,485	104,481
26	LESS INTEREST CAPITALIZED	-	-	-	-	-
27	TOTAL EXCLUDING INTEREST CAPITALIZED	147,225	77,960	83,182	88,485	104,481
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	32,164	31,540	30,921	32,587	27,789
29	PREFERRED STOCK	-	-	-	-	-
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	-	-	-	-
32	OTHER (NET)	-	-	-	-	-
33	TOTAL RETIREMENT OF SECURITIES	32,164	31,540	30,921	32,587	27,789
	OTHER USES					
34	NET INCREASE IN WORKING CAPITAL	19,762	31,743	23,466	-	24,073
35	OTHER	-	47,102	14,702	944	78,646
36	TOTAL FUNDS APPLIED	$ 199,151	$ 188,345	$ 152,271	$ 122,016	$ 234,989

CITIZENS TELEPHONE CO OF HAMMOND, N Y , INC
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
TELEPHONE OPERATING INCOME						
OPERATING REVENUES	$ 892,197	$ 849,455	$ 715,208	$ 575,492	$ 531,215	1
OPERATION AND MAINTENANCE EXPENSE	623,742	592,831	476,258	388,910	358,805	2
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	3
DEPRECIATION	88,947	83,485	72,306	69,778	65,863	4
AMORTIZATION	-	-	-	-	-	5
TAXES OTHER THAN INCOME TAXES-OPERATING	75,961	71,179	60,159	60,914	48,953	6
INCOME TAXES-OPERATING	15,880	15,692	23,647	5,542	-	7
OPERATING INCOME TAXES DEFERRED	8,979	6,522	11,577	-	5,425	8
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	-	-	-	-	-	9
TOTAL OPERATING EXPENSES	813,509	769,709	643,947	525,144	479,046	10
TOTAL TELEPHONE OPERATING INCOME	78,688	79,746	71,261	50,348	52,169	11
OTHER INCOME						
DIVIDEND INCOME	-	-	-	-	-	12
INTEREST INCOME	1,566	156	-	388	371	13
ALLOWANCE FOR CONSTRUCTION FUNDS	-	-	-	-	-	14
INCOME FROM SINKING AND OTHER FUNDS	-	-	-	-	-	15
INCOME FROM MISC PHYSICAL PROPERTY	306	-	-	1,380-	-	16
MISCELLANEOUS INCOME	4,144	4,507	587	-	249	17
TOTAL OTHER INCOME	6,016	4,663	587	992-	620	18
TOTAL INCOME	84,704	84,409	71,848	49,356	52,789	19
INCOME DEDUCTIONS						
TAXES OTHER THAN INC TAXES-NONOPERATING	-	-	-	-	-	20
INCOME TAXES-NONOPERATING	-	-	-	-	-	21
MISCELLANEOUS INCOME CHARGES	3,678	3,588	2,215	1,892	1,692	22
TOTAL INCOME DEDUCTIONS	3,678	3,588	2,215	1,892	1,692	23
INCOME BEFORE INTEREST CHARGES	81,026	80,821	69,633	47,464	51,097	24
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	19,787	19,944	20,456	21,777	21,777	25
AMORT OF DEBT DISCOUNT AND EXPENSE	436	436	436	436	436	26
AMORT OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	27
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	28
OTHER INTEREST EXPENSE	415	309	1,516	4,976	-	29
TOTAL INTEREST CHARGES	20,638	20,689	22,408	27,189	22,213	30
INCOME BEFORE EXTRAORDINARY/DELAYED ITEMS	60,388	60,132	47,225	20,275	28,884	31
EXTRAORDINARY & DELAYED ITEMS - NET LESS TAX EFFECT	-	3,000	-	-	-	32
NET INCOME	$ 60,388	$ 63,132	$ 47,225	$ 20,275	$ 28,884	33
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 203,024	$ 140,852	$ 17,019	$ 23,716-	$ 26,046	34
TRANSFERRED FROM INCOME	60,388	63,132	47,225	20,275	28,884	35
MISCELLANEOUS CREDITS	-	-	-	21,612	-	36
MISCELLANEOUS DEBITS	-	-	-	-	78,646	37
APPROPRIATIONS	-	-	-	-	-	38
DIVIDENDS DECLARED-PREFERRED STOCK	1,152	960	1,152	1,152	-	39
-COMMON STOCK	-	-	-	-	-	40
BALANCE END OF YEAR	262,259	203,024	63,093	17,019	23,716-	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 262,259	$ 203,024	$ 63,093	$ 17,019	$ 23,716-	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME-PERCENT OF OPERATING REVENUES	6.7	7.4	6.6	3.5	5.4	44
PRETAX COVERAGE OF INTEREST CHARGES	4.9	4.9	4.7	1.9	2.5	45
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	-	-	-	-	-	46
RETURN ON COMMON EQUITY	21.5	35.5	56.1	49.4	66.9	47

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CITIZENS TELEPHONE CO OF HAMMOND, N Y , INC
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	TELEPHONE OPERATING REVENUES					
1	LOCAL REVENUES	$ 145,622	$ 133,652	$ 121,499	$ 111,845	$ 78,901
2	ACCESS REVENUES	232,705	209,674	129,027	-	-
3	TOLL REVENUES	479,481	482,272	461,586	463,695	455,060
4	MISCELLANEOUS REVENUES	35,590	25,057	1,414	3,444	2,154
5	UNCOLLECTIBLE REVENUES-DR	1,200	1,200	1,200	3,492	4,900
6	TOTAL OPERATING REVENUES	$ 892,198	$ 849,455	$ 712,326	$ 575,492	$ 531,215
7	ACCESS LINES IN SERVICE	1,235	1,139	1,096	936	1,011
	TELEPHONE OPERATING REVENUE RELATIONSHIPS					
	REVENUE PER AVERAGE ACCESS LINE*					
8	LOCAL REVENUE	$ 122.68	$ 119.60	$ 119.59	$ 114.89	$ 80.06
9	ACCESS REVENUE	196.04	187.63	127.00		
10	TOLL REVENUE	403.94	431.56	454.32	476.32	461.76

*YEAR END AVERAGE

LINE NO	ITEM	1987	1986	1985	1984	1983
	OPERATION AND MAINTENANCE EXPENSES					
11	MAINTENANCE EXPENSES	$ 202,788	$ 184,931	$ 210,557	$ 192,179	$ 144,309
12	DEPRECIATION & AMORTIZATION	88,947	83,485	72,306	69,778	65,863
13	TRAFFIC EXPENSES	14,679	18,016	28,727	5,568	4,609
14	COMMERCIAL EXPENSES	26,623	30,534	25,089	24,449	20,503
15	ACCESS EXPENSES	-	-	-	-	-
16	GENERAL OFFICE SALARIES & EXPENSES	195,174	169,769	123,627	98,744	73,748
17	OTHER OPERATING EXPENSES	184,478	189,581	88,258	67,970	115,636
18	TOTAL O & M EXPENSES	$ 712,689	$ 676,316	$ 548,564	$ 458,688	$ 424,668

CITIZENS TELEPHONE CO. OF HAMMOND, N.Y., INC
DISTRIBUTION OF TELEPHONE REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM		1987		1986		1985		1984		1983	LINE NO
REVENUES	$	892,197	$	849,455	$	715,208	$	575,492	$	531,215	1
ACCESS LINES - AVERAGE*		1,187		1,118		1,016		974		986	2
					DOLLAR AMOUNTS						
WAGES AND BENEFITS	$	286,123	$	256,079	$	196,312	$	173,430	$	130,513	3
OTHER OPERATION AND MAINTENANCE EXPENSES		337,619		336,752		279,946		215,480		228,292	4
DEPRECIATION AND AMORTIZATION EXPENSES		88,947		83,485		72,306		69,778		65,863	5
EXTRAORDINARY RETIREMENTS		-		-		-		-		-	6
INCOME TAXES - OPERATING		24,859		22,214		35,224		5,542		5,425	7
OTHER TAXES - OPERATING		75,961		71,179		60,159		60,914		48,953	8
INTEREST CHARGES **		20,638		20,689		22,408		27,189		22,213	9
PREFERRED DIVIDENDS**		1,152		960		1,152		1,152		-	10
EARNINGS AVAILABLE FOR COMMON EQUITY		56,898		58,097		47,701		22,007		29,956	11
TOTAL	$	892,197	$	849,455	$	715,208	$	575,492	$	531,215	12
					PERCENT OF REVENUES						
WAGES AND BENEFITS		32.1		30.1		27.4		30.1		24.6	13
OTHER OPERATION AND MAINTENANCE EXPENSES		37.8		39.6		39.1		37.4		43.0	14
DEPRECIATION AND AMORTIZATION EXPENSES		10.0		9.8		10.1		12.1		12.4	15
EXTRAORDINARY RETIREMENTS		-		-		-		-		-	16
INCOME TAXES - OPERATING		2.8		2.6		4.9		1.0		1.0	17
OTHER TAXES - OPERATING		8.5		8.4		8.4		10.6		9.2	18
INTEREST CHARGES**		2.3		2.4		3.1		4.7		4.2	19
PREFERRED DIVIDENDS **		0.1		0.1		0.2		0.2		-	20
EARNINGS AVAILABLE FOR COMMON EQUITY		6.4		6.8		6.7		3.8		5.6	21
TOTAL		100.0		100.0		100.0		100.0		100.0	22
					DOLLARS PER AVERAGE ACCESS LINE PER MONTH						
WAGES AND BENEFITS		$ 20.09		$ 19.10		$ 16.10		$ 14.85		$ 11.04	23
OTHER OPERATION AND MAINTENANCE EXPENSES		23.70		25.11		22.96		18.45		19.30	24
DEPRECIATION AND AMORTIZATION EXPENSES		6.24		6.23		5.93		5.97		5.57	25
EXTRAORDINARY RETIREMENTS		-		-		-		-		-	26
INCOME TAXES - OPERATING		1.75		1.66		2.89		0.47		0.46	27
OTHER TAXES - OPERATING		5.33		5.31		4.93		5.21		4.14	28
											29
INTEREST CHARGES **		1.45		1.54		1.84		2.33		1.88	
PREFERRED DIVIDENDS **		0.08		0.07		0.09		0.10		-	30
EARNINGS AVAILABLE FOR COMMON EQUITY		3.99		4.33		3.91		1.88		2.53	31
TOTAL		$ 62.64		$ 63.34		$ 58.66		$ 49.26		$ 44.92	32

* YEAR END AVERAGE

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CLYMER TELEPHONE COMPANY, INC
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF TELEPHONE PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
		ASSETS AND OTHER DEBITS				
1	TELEPHONE PLANT	$ 1,478,679	$ 1,459,587	$ 1,378,751	$ 1,373,642	$ 1,284,711
2	ACCUM PROV FOR DEPR & AMORT	605,638	582,143	554,335	510,371	451,263
3	NET TELEPHONE PLANT	873,041	877,444	824,416	863,271	833,448
4	INVESTMENTS IN AFFILIATED COMPANIES	-	-	-	-	-
5	ADVANCES TO AFFILIATED COMPANIES	-	-	-	-	-
6	MISCELLANEOUS PHYSICAL PROPERTY	25,323	41	533-	22	2,014
7	OTHER INVESTMENTS AND FUNDS	13,409	13,409	12,498	11,575	10,717
8	TOTAL INVESTMENTS AND FUNDS	38,732	13,450	11,965	11,597	12,731
9	CASH AND WORKING FUNDS	123,210	129,842	140,217	82,153	69,513
10	SPECIAL CASH DEPOSITS	-	-	-	150	-
11	TEMPORARY CASH INVESTMENTS	-	-	-	-	-
12	NOTES & ACCT'S REC -AFFILIATED CO'S	8,657	1,483	34,134	13,329	6,037
13	OTHER NOTES AND ACCOUNTS RECEIVABLE	48,133	34,063	19,934-	79,128	3,730
14	DUE - CUST & AGENTS LESS ACCUM PROV - UNCOLLECTIBLE ACCTS	40,064	35,963	44,612	39,027	46,140
15	MATERIALS AND SUPPLIES	-	-	5,262	12,674	13,939
16	MERCH AND MATERIAL HELD FOR SALE	-	-	-	-	-
17	PREPAYMENTS	6,953	7,292	7,369	8,798	9,649
18	OTHER CURRENT AND ACCRUED ASSETS	-	-	-	-	-
19	TOTAL CURRENT AND ACCRUED ASSETS	227,017	208,643	211,660	235,259	149,008
20	UNAMORTIZED DEBT DISCOUNT AND EXPENSE	4,939	5,151	5,364	5,576	5,788
21	EXTRAORDINARY MAINTENANCE & RETIREMENTS	-	-	-	-	-
22	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
23	OTHER DEFERRED DEBITS	5-	53	2,034	4,898	2,895
24	TOTAL DEFERRED DEBITS	4,934	5,204	7,398	10,474	8,683
25	TOTAL ASSETS AND OTHER DEBITS	1,143,724	$ 1,104,741	$ 1,055,439	$ 1,120,601	$ 1,003,870
		TELEPHONE PLANT				
26	PLANT IN SERVICE	$ 1,456,870	$ 1,433,876	$ 1,370,368	$ 1,346,154	$ 1,276,724
27	PLANT UNDER CONSTRUCTION	21,809	25,711	8,383	27,488	7,987
28	PROPERTY HELD FOR FUTURE USE	-	-	-	-	-
29	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
30	PLANT ADJUSTMENTS	-	-	-	-	-
31	TOTAL TELEPHONE UTILITY PLANT	1,478,679	1,459,587	1,378,751	1,373,642	1,284,711
32	ACCUM PROV FOR DEPR AND AMORT	605,638	582,143	554,335	510,371	451,263
33	NET TELEPHONE PLANT	873,041	877,444	824,416	863,271	833,448
	PLANT IN SERVICE					
34	BEGINNING OF YEAR	1,433,876	1,370,368	1,346,154	1,276,724	1,251,962
35	ADDITIONS	61,024	87,256	46,842	73,993	38,422
36	RETIREMENTS	38,030	23,748	22,628	4,563	13,660
37	TRANSFERS AND ADJUSTMENTS	-	-	-	-	-
38	END OF YEAR	$ 1,456,870	$ 1,433,876	$ 1,370,368	$ 1,346,154	$ 1,276,724

CLYMER TELEPHONE COMPANY, INC
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 19,900	$ 19,900	$ 19,900	$ 19,900	$ 19,900	1
PREFERRED CAPITAL STOCK	40,000	40,000	40,000	40,000	40,000	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	500	500	500	500	500	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	269,450	258,926	248,238	243,950	216,764	9
TOTAL PROPRIETARY CAPITAL	329,850	319,326	308,638	304,350	277,164	10
BONDS(LESS BONDS REACQUIRED)	-	-	-	-	-	11
ADVANCES FROM AFFILIATED COMPANIES	-	-	-	-	-	12
OTHER LONG-TERM DEBT	545,272	556,604	567,346	577,551	587,205	13
TOTAL LONG-TERM DEBT	545,272	556,604	567,346	577,551	587,205	14
NOTES & ACCTS PAY TO AFFILIATED CO'S	31,827	23,310	1,928-	17,625	15,840	15
OTHER NOTES AND ACCOUNTS PAYABLE	45,780	23,119	47,248	82,657	4,327	16
CUSTOMERS' DEPOSITS	915	615	880	1,715	1,520	17
ADVANCE BILLING AND PAYMENTS	191	124	294	322	245	18
TAXES ACCRUED	1,580-	4,148	17,963-	7,713	8,190	19
OTHER CURRENT AND ACCRUED LIABILITIES	24,984	16,648	14,371	14,792	8,932	20
TOTAL CURRENT AND ACCRUED LIABILITIES	102,117	67,964	42,902	124,824	39,054	21
UNAMORTIZED PREMIUM ON DEBT	-	-	-	-	-	22
ACCUM. DEFERRED INVESTMENT TAX CREDITS	35,244	43,335	41,625	39,059	35,817	23
OTHER DEFERRED CREDITS	-	-	49	49	-	24
TOTAL DEFERRED CREDITS	35,244	43,335	41,674	39,108	35,817	25
OPERATING RESERVES	2,832-	2,491	2,528	3,331	7,200	26
ACCUM. DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION	129,688	112,022	91,126	70,080	56,453	27
ACCUM. DEFERRED INCOME TAXES - OTHER	4,385	2,999	1,225	1,357	977	28
TOTAL LIABILITIES AND OTHER CREDITS	$ 1,143,724	$ 1,104,741	$ 1,055,439	$ 1,120,601	$ 1,003,870	29
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS/CURRENT LIABILITIES	2.22	3.07	4.93	1.88	3.82	30
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	62.3	63.5	64.7	65.4	67.9	31
PREFERRED STOCK	4.5	4.5	4.5	4.5	4.6	32
COMMON STOCK & OTHER PAID-IN CAPITAL	2.3	2.3	2.3	2.3	2.3	33
RETAINED EARNINGS	30.7	29.5	28.3	27.6	25.0	34
LONG TERM DEBT % OF GROSS UTILITY PLANT	36.8	38.1	41.1	42.0	45.7	35
ACCUM. PROV. FOR DEPR & AMORT. %OF UTIL. PLT	40.9	39.8	40.2	37.1	35.1	36

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CLYMER TELEPHONE COMPANY, INC
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL:					
1	NET INCOME	$ 41,184	$ 34,185	$ 72,360	$ 61,427	$ 44,131
2	DEPRECIATION AND AMORTIZATION	70,664	66,034	63,340	60,610	60,496
3	DEFERRED INCOME TAXES (NET)	10,961	24,380	23,480	17,249	11,664
4	INTEREST CAPITALIZED	-	-	-	1-	-
5	OTHER (NET)	-	1,013	4,187	3,134	-
6	SUBTOTAL	122,809	125,612	163,367	142,419	116,291
7	EXTRAORDINARY ITEMS	-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	122,809	125,612	163,367	142,419	116,291
9	LESS DIVIDENDS: PREFERRED	2,800	2,800	2,800	2,799	2,802
	COMMON	27,860	20,697	65,272	31,442	23,880
11	NET FUNDS - INTERNAL SOURCES	92,149	102,115	95,295	108,178	89,609
	EXTERNAL:					
12	LONG TERM DEBT	-	-	-	-	-
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	-	-	-	-	-
17	OTHER (NET)	-	-	-	-	-
18	TOTAL FUNDS - EXTERNAL SOURCES	-	-	-	-	-
	OTHER SOURCES					
19	NET DECREASE IN WORKING CAPITAL	10,513	30,024	-	-	-
20	OTHER	6,341-	19,703-	695-	140	5,595
21	TOTAL FUNDS PROVIDED	$ 96,321	$ 112,436	$ 94,600	$ 108,318	$ 95,204
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
22	TELEPHONE PLANT	$ 84,989	$ 101,694	$ 28,133	$ 93,495	$ 46,409
23	NON-UTILITY PLANT	-	-	-	-	-
24	OTHER	-	-	-	-	-
25	TOTAL CONSTRUCTION	84,989	101,694	28,133	93,495	46,409
26	LESS INTEREST CAPITALIZED	-	-	-	1	-
27	TOTAL EXCLUDING INTEREST CAPITALIZED	84,989	101,694	28,133	93,494	46,409
	RETIREMENT OF SECURITIES:					
28	LONG TERM DEBT	11,332	10,742	10,205	9,654	9,169
29	PREFERRED STOCK	-	-	-	-	-
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	-	-	-	-
32	OTHER (NET)	-	-	-	-	-
33	TOTAL RETIREMENT OF SECURITIES	11,332	10,742	10,205	9,654	9,169
	OTHER USES					
34	NET INCREASE IN WORKING CAPITAL	-	-	56,262	5,170	39,626
35	OTHER	-	-	-	-	-
36	TOTAL FUNDS APPLIED	$ 96,321	$ 112,436	$ 94,600	$ 108,318	$ 95,204

CLYMER TELEPHONE COMPANY, INC.
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
TELEPHONE OPERATING INCOME						
OPERATING REVENUES	$ 491,911	$ 499,218	$ 450,750	$ 460,395	$ 449,091	1
OPERATION AND MAINTENANCE EXPENSE	300,711	299,601	228,333	227,918	231,687	2
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	3
DEPRECIATION	68,236	65,822	63,128	60,398	59,009	4
AMORTIZATION	-	-	-	-	-	5
TAXES OTHER THAN INCOME TAXES-OPERATING	38,046	38,079	35,785	49,841	46,517	6
INCOME TAXES-OPERATING	8,479	12,907	4,315	20,463	23,432	7
OPERATING INCOME TAXES DEFERRED	20,823	24,424	26,133	19,612	19,232	8
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	10,598-	1,803-	5,219-	5,605-	7,228-	9
TOTAL OPERATING EXPENSES	425,697	439,030	353,475	372,627	372,651	10
TOTAL TELEPHONE OPERATING INCOME	66,214	60,188	97,275	87,768	76,440	11
OTHER INCOME						
DIVIDEND INCOME	-	911	923	858	788	12
INTEREST INCOME	6,179	6,320	6,610	6,910	3,881	13
ALLOWANCE FOR CONSTRUCTION FUNDS	-	-	-	1	-	14
INCOME FROM SINKING AND OTHER FUNDS	-	-	-	-	-	15
INCOME FROM MISC. PHYSICAL PROPERTY	-	-	-	-	-	16
MISCELLANEOUS INCOME	2,232	2,182-	1,457	693-	2,602-	17
TOTAL OTHER INCOME	8,411	5,049	8,990	7,076	2,067	18
TOTAL INCOME	74,625	65,237	106,265	94,844	78,507	19
INCOME DEDUCTIONS						
TAXES OTHER THAN INC. TAXES-NONOPERATING	-	254	11	23	-	20
INCOME TAXES-NONOPERATING	3,140	190-	1,921	1,145	1,754	21
MISCELLANEOUS INCOME CHARGES	58	52	147	161	68	22
TOTAL INCOME DEDUCTIONS	3,198	116	2,079	1,329	1,822	23
INCOME BEFORE INTEREST CHARGES	71,427	65,121	104,186	93,515	76,685	24
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	29,990	30,655	31,149	31,707	32,194	25
AMORT. OF DEBT DISCOUNT AND EXPENSE	212	212	212	212	212	26
AMORT. OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	27
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	28
OTHER INTEREST EXPENSE	41	69	466	169	148	29
TOTAL INTEREST CHARGES	30,243	30,936	31,827	32,088	32,554	30
INCOME BEFORE EXTRAORDINARY/DELAYED ITEMS	41,184	34,185	72,359	61,427	44,131	31
EXTRAORDINARY & DELAYED ITEMS - NET LESS TAX EFFECT	-	-	-	-	-	32
NET INCOME	$ 41,184	$ 34,185	$ 72,359	$ 61,427	$ 44,131	33
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 258,926	$ 248,237	$ 243,950	$ 216,763	$ 199,315	34
TRANSFERRED FROM INCOME	41,184	34,185	72,360	61,427	44,131	35
MISCELLANEOUS CREDITS	-	-	-	-	-	36
MISCELLANEOUS DEBITS	-	-	-	-	-	37
APPROPRIATIONS	-	-	-	-	-	38
DIVIDENDS DECLARED-PREFERRED STOCK	2,800	2,800	2,800	2,798	2,802	39
-COMMON STOCK	27,860	20,696	65,272	31,442	23,880	40
BALANCE END OF YEAR	269,450	258,926	248,238	243,950	216,764	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 269,450	$ 258,926	$ 248,238	$ 243,950	$ 216,764	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME-PERCENT OF OPERATING REVENUES	8.3	6.8	16.0	13.3	9.8	44
PRETAX COVERAGE OF INTEREST CHARGES	2.9	3.2	4.0	3.9	3.5	45
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	72.5	65.9	93.8	53.6	57.7	46
RETURN ON COMMON EQUITY	13.4	11.4	26.1	23.3	18.0	47

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CLYMER TELEPHONE COMPANY, INC.
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	TELEPHONE OPERATING REVENUES					
1	LOCAL REVENUES	$ 152,768	$ 141,702	$ 132,445	$ 130,752	$ 124,900
2	ACCESS REVENUES	240,355	230,453	201,296	-	-
3	TOLL REVENUES	69,571	88,938	99,342	307,616	322,788
4	MISCELLANEOUS REVENUES	29,787	38,845	18,387	22,827	3,578
5	UNCOLLECTIBLE REVENUES-DR	570	720	720	800	2,175
6	TOTAL OPERATING REVENUES	$ 491,911	$ 499,218	$ 450,750	$ 460,395	$ 449,091
7	ACCESS LINES IN SERVICE	892	882	881	842	828
	TELEPHONE OPERATING REVENUE RELATIONSHIPS					
	REVENUE PER AVERAGE ACCESS LINE*					
8	LOCAL REVENUE	$ 172.23	$ 160.75	$ 153.74	$ 156.59	$ 151.30
9	ACCESS REVENUE	270.98	261.43	233.66		
10	TOLL REVENUE	78.43	100.89	115.31	368.40	391.02

*YEAR END AVERAGE

LINE NO	ITEM	1987	1986	1985	1984	1983
	OPERATION AND MAINTENANCE EXPENSES					
11	MAINTENANCE EXPENSES	$ 100,832	$ 99,691	$ 62,336	$ 58,605	$ 73,548
12	DEPRECIATION & AMORTIZATION	68,236	65,822	63,128	60,398	59,009
13	TRAFFIC EXPENSES	18,791	16,325	15,019	9,889	5,300
14	COMMERCIAL EXPENSES	49,827	50,989	45,014	51,944	48,522
15	ACCESS EXPENSES	-	-	-	-	-
16	GENERAL OFFICE SALARIES & EXPENSES	112,125	113,518	88,139	84,572	71,751
17	OTHER OPERATING EXPENSES	19,136	19,078	17,825	22,908	32,566
18	TOTAL O & M EXPENSES	$ 368,947	$ 365,423	$ 291,461	$ 288,316	$ 290,696

CLYMER TELEPHONE COMPANY, INC
DISTRIBUTION OF TELEPHONE REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
REVENUES	$ 491,911	$ 499,218	$ 450,750	$ 460,395	$ 449,091	1
ACCESS LINES - AVERAGE*	887	882	862	835	826	2
DOLLAR AMOUNTS						
WAGES AND BENEFITS	$ 33,678	$ 35,341	$ 45,258	$ 56,562	$ 60,816	3
OTHER OPERATION AND MAINTENANCE EXPENSES	267,033	264,260	183,075	171,356	170,871	4
DEPRECIATION AND AMORTIZATION EXPENSES	68,236	65,822	63,128	60,398	59,009	5
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	6
INCOME TAXES - OPERATING	18,704	35,528	25,229	34,470	35,438	7
OTHER TAXES - OPERATING	38,046	38,079	36,785	49,841	46,517	8
INTEREST CHARGES **	30,243	30,936	31,827	32,088	32,554	9
PREFERRED DIVIDENDS**	2,800	2,500	2,800	2,798	2,802	10
EARNINGS AVAILABLE FOR COMMON EQUITY	33,171	26,452	62,648	52,882	41,084	11
TOTAL	$ 491,911	$ 499,218	$ 450,750	$ 460,395	$ 449,091	12
PERCENT OF REVENUES						
WAGES AND BENEFITS	6.8	7.1	10.0	12.3	13.5	13
OTHER OPERATION AND MAINTENANCE EXPENSES	54.3	52.9	40.6	37.2	38.0	14
DEPRECIATION AND AMORTIZATION EXPENSES	13.9	13.2	14.0	13.1	13.1	15
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	16
INCOME TAXES - OPERATING	3.8	7.1	5.6	7.5	7.9	17
OTHER TAXES - OPERATING	7.7	7.6	8.2	10.8	10.4	18
INTEREST CHARGES**	6.1	6.2	7.1	7.0	7.2	19
PREFERRED DIVIDENDS **	0.6	0.6	0.6	0.6	0.6	20
EARNINGS AVAILABLE FOR COMMON EQUITY	6.7	5.3	13.9	11.5	9.1	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
DOLLARS PER AVERAGE ACCESS LINE PER MONTH						
WAGES AND BENEFITS	$ 3.16	$ 3.34	$ 4.38	$ 5.64	$ 6.14	23
OTHER OPERATION AND MAINTENANCE EXPENSES	25.09	24.98	17.71	17.10	17.25	24
DEPRECIATION AND AMORTIZATION EXPENSES	6.41	6.22	6.11	6.03	5.96	25
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	26
INCOME TAXES - OPERATING	1.76	3.36	2.44	3.44	3.58	27
OTHER TAXES - OPERATING	3.57	3.60	3.56	4.97	4.70	28
						29
INTEREST CHARGES **	2.84	2.92	3.08	3.20	3.29	
PREFERRED DIVIDENDS **	0.26	0.26	0.27	0.28	0.28	30
EARNINGS AVAILABLE FOR COMMON EQUITY	3.12	2.50	6.06	5.28	4.15	31
TOTAL	$ 46.21	$ 47.19	$ 43.60	$ 45.95	$ 45.34	32

* YEAR END AVERAGE

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CONTINENTAL TELEPHONE COMPANY OF NEW YORK, INC
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF TELEPHONE PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	TELEPHONE PLANT	$ 415,975,432	$ 390,017,763	$ 363,285,097	$ 343,011,267	$ 327,175,281
2	ACCUM PROV FOR DEPR & AMORT	128,350,519	120,550,912	113,198,993	107,766,676	101,366,529
3	NET TELEPHONE PLANT	287,624,913	269,466,851	250,086,104	235,244,591	225,808,752
4	INVESTMENTS IN AFFILIATED COMPANIES	-	-	-	-	-
5	ADVANCES TO AFFILIATED COMPANIES	-	-	-	-	-
6	MISCELLANEOUS PHYSICAL PROPERTY	180,494	130,419	226,157	85,330	90,648
7	OTHER INVESTMENTS AND FUNDS	215,902	215,900	215,900	215,900	215,900
8	TOTAL INVESTMENTS AND FUNDS	396,396	346,319	442,057	301,230	306,548
9	CASH AND WORKING FUNDS	3,652,428	4,236,443	9,233,205	4,462,395	3,430,689
10	SPECIAL CASH DEPOSITS	1,067,374	1,016,500	777,500	313,300	22,951
11	TEMPORARY CASH INVESTMENTS	-	-	-	-	-
12	NOTES & ACCT'S REC -AFFILIATED CO'S	1,369,091	1,067,068	242,272	247,020	179,274
13	OTHER NOTES AND ACCOUNTS RECEIVABLE	6,690,564	3,856,429	17,765,196	12,180,665	8,690,737
14	DUE - CUST & AGENTS LESS ACCUM PROV - UNCOLLECTIBLE ACCTS	16,565,431	19,207,926	17,850,344	14,047,969	13,026,931
15	MATERIALS AND SUPPLIES	711,845	682,611	692,898	1,313,998	1,311,704
16	MERCH AND MATERIAL HELD FOR SALE	732,342	530,729	1,053,936	2,341,874	963,431
17	PREPAYMENTS	2,332,195	2,365,052	2,093,279	2,166,656	2,152,476
18	OTHER CURRENT AND ACCRUED ASSETS	221,112	340,499	2,868,097	1,000,920	539,597
19	TOTAL CURRENT AND ACCRUED ASSETS	33,342,382	33,303,257	52,576,727	38,074,797	30,317,790
20	UNAMORTIZED DEBT DISCOUNT AND EXPENSE	1,721,648	1,875,254	1,906,928	1,911,247	1,851,085
21	EXTRAORDINARY MAINTENANCE & RETIREMENTS	-	-	-	-	-
22	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
23	OTHER DEFERRED DEBITS	290,494	251,889	404,801	315,307	106,793
24	TOTAL DEFERRED DEBITS	2,012,142	2,127,143	2,311,729	2,226,554	1,957,878
25	TOTAL ASSETS AND OTHER DEBITS	323,375,833	$ 305,243,570	$ 305,416,617	$ 275,847,172	$ 258,390,968
	TELEPHONE PLANT					
26	PLANT IN SERVICE	$ 401,520,299	$ 380,555,339	$ 353,620,942	$ 335,195,525	$ 322,142,932
27	PLANT UNDER CONSTRUCTION	13,706,501	8,542,946	8,573,833	6,554,576	3,600,339
28	PROPERTY HELD FOR FUTURE USE	-	-	-	-	-
29	PLANT ACQUISITION ADJUSTMENTS	392,122	562,967	733,811	904,655	1,075,499
30	PLANT ADJUSTMENTS	356,510	356,511	356,511	356,511	356,511
31	TOTAL TELEPHONE UTILITY PLANT	415,975,432	390,017,763	363,285,097	343,011,267	327,175,281
32	ACCUM PROV FOR DEPR AND AMORT	128,350,519	120,550,912	113,198,993	107,766,676	101,366,529
33	NET TELEPHONE PLANT	287,624,913	269,466,851	250,086,104	235,244,591	225,808,752
	PLANT IN SERVICE					
34	BEGINNING OF YEAR	380,555,339	353,620,942	335,195,525	322,142,932	306,173,081
35	ADDITIONS	38,358,869	45,331,135	36,887,946	30,646,521	34,270,642
36	RETIREMENTS	17,448,926	18,407,427	18,462,529	17,593,928	18,300,791
37	TRANSFERS AND ADJUSTMENTS	55,017	10,689	-	-	-
38	END OF YEAR	$ 401,520,299	$ 380,555,339	$ 353,620,942	$ 335,195,525	$ 322,142,932

CONTINENTAL TELEPHONE COMPANY OF NEW YORK, INC.
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 37,000,000	$ 37,000,000	$ 37,000,000	$ 37,000,000	$ 37,000,000	1
PREFERRED CAPITAL STOCK	-	-	-	-	-	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	1,736,960	1,736,960	1,736,960	1,736,960	1,736,960	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	25,301,353	25,267,932	25,267,932	25,267,932	25,267,932	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	44,378,099	39,387,949	34,583,879	31,218,824	32,662,817	9
TOTAL PROPRIETARY CAPITAL	108,416,412	103,392,841	98,588,771	95,223,716	96,667,709	10
BONDS(LESS BONDS REACQUIRED)	100,297,335	105,649,911	96,273,357	100,015,124	87,049,275	11
ADVANCES FROM AFFILIATED COMPANIES	-	-	-	-	-	12
OTHER LONG-TERM DEBT	-	-	15,000,000	-	-	13
TOTAL LONG-TERM DEBT	100,297,335	105,649,911	111,273,357	100,015,124	87,049,275	14
NOTES & ACCTS PAY TO AFFILIATED CO'S	13,857,142	2,233,600	1,255,974	2,521,711	2,595,998	15
OTHER NOTES AND ACCOUNTS PAYABLE	21,950,482	22,435,674	24,778,109	15,067,890	18,349,200	16
CUSTOMERS' DEPOSITS	253,392	277,129	348,308	770,501	761,456	17
ADVANCE BILLING AND PAYMENTS	1,742,523	1,859,930	7,653,813	6,668,199	3,820,447	18
TAXES ACCRUED	3,292,511	4,146,965	2,805,771	4,142,011	1,737,938	19
OTHER CURRENT AND ACCRUED LIABILITIES	13,623,704	8,229,242	8,344,073	8,240,305	8,784,807	20
TOTAL CURRENT AND ACCRUED LIABILITIES	54,719,754	39,182,540	45,186,048	37,410,617	36,049,846	21
UNAMORTIZED PREMIUM ON DEBT	-	-	-	-	-	22
ACCUM. DEFERRED INVESTMENT TAX CREDITS	14,813,832	14,952,025	15,684,730	14,298,953	12,682,891	23
OTHER DEFERRED CREDITS	4,021,632	3,637,295	2,184,443	2,142,093	2,139,975	24
TOTAL DEFERRED CREDITS	18,835,464	18,589,320	17,869,173	16,441,046	14,822,866	25
OPERATING RESERVES	-	-	-	-	-	26
ACCUM. DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION	43,136,475	39,097,810	32,513,774	27,109,726	23,551,000	27
ACCUM. DEFERRED INCOME TAXES - OTHER	2,029,607-	668,852-	14,506-	353,057-	250,272	28
TOTAL LIABILITIES AND OTHER CREDITS	$ 323,375,833	$ 305,243,570	$ 305,416,617	$ 275,847,172	$ 258,390,968	29
SELECTED BALANCE SHEET RELATIONSHIPS						-
CURRENT ASSETS/CURRENT LIABILITIES	0.61	0.85	1.16	1.02	0.84	30
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	48.0	50.5	53.0	51.2	47.3	31
PREFERRED STOCK	-	-	-	-	-	32
COMMON STOCK & OTHER PAID-IN CAPITAL	30.6	30.6	30.4	32.7	34.8	33
RETAINED EARNINGS	21.2	18.8	16.4	15.9	17.7	34
LONG TERM DEBT % OF GROSS UTILITY PLANT	24.1	27.0	30.6	29.1	26.6	35
ACCUM. PROV. FOR DEPR.& AMORT. %OF UTIL. PLT	30.8	30.9	31.1	31.4	30.9	36

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CONTINENTAL TELEPHONE COMPANY OF NEW YORK, INC.
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL					
1	NET INCOME	$ 19,078,431	$ 17,303,646	$ 15,903,583	$ 12,075,598	$ 11,060,891
2	DEPRECIATION AND AMORTIZATION	24,136,929	22,956,540	21,056,299	21,884,508	21,208,010
3	DEFERRED INCOME TAXES (NET)	2,794,384	6,371,636	7,310,195	5,373,430	4,600,178
4	INTEREST CAPITALIZED	1,277,295-	991,693-	582,014-	557,714-	586,347-
5	OTHER (NET)	1,449,145	3,126,193	2,982,239	2,352,742	1,443,257
6	SUBTOTAL	46,181,594	48,766,322	46,670,302	41,128,564	37,725,989
7	EXTRAORDINARY ITEMS	11,714	425	38,528-	19,584-	1,270
8	TOTAL FUNDS - INTERNAL SOURCES	46,193,308	48,766,747	46,631,774	41,108,980	37,727,259
9	LESS DIVIDENDS PREFERRED	-	-	-	-	33,116
	COMMON	14,100,000	12,500,000	12,500,000	13,500,000	11,000,000
11	NET FUNDS - INTERNAL SOURCES	32,093,308	36,266,747	34,131,774	27,608,980	26,694,143
	EXTERNAL					
12	LONG TERM DEBT	-	15,000,000	15,000,000	15,000,000	-
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	11,800,000	-	-	-	9,800,000
17	OTHER (NET)	33,421	-	-	-	-
18	TOTAL FUNDS - EXTERNAL SOURCES	11,833,421	15,000,000	15,000,000	15,000,000	9,800,000
	OTHER SOURCES					
19	NET DECREASE IN WORKING CAPITAL	3,348,562	13,541,736	-	2,617,932	630,955
20	OTHER	-	92,208	-	-	-
21	TOTAL FUNDS PROVIDED	$ 47,275,291	$ 64,900,691	$ 49,131,774	$ 45,226,912	$ 37,125,098
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
22	TELEPHONE PLANT	$ 43,577,390	$ 45,310,937	$ 38,751,040	$ 33,600,758	$ 34,030,826
23	NON-UTILITY PLANT	56,239	41,999-	147,934	-	-
24	OTHER	-	-	-	-	-
25	TOTAL CONSTRUCTION	43,633,629	45,268,938	38,898,974	33,600,758	34,030,826
26	LESS INTEREST CAPITALIZED	1,277,295	991,693	582,014	557,714	586,347
27	TOTAL EXCLUDING INTEREST CAPITALIZED	42,356,334	44,277,245	38,316,960	33,043,044	33,444,479
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	5,352,576	20,623,446	3,741,767	2,034,151	2,117,323
29	PREFERRED STOCK	-	-	-	-	1,330,650
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	-	6,000,000	9,000,000	-
32	OTHER (NET)	-	-	-	-	-
33	TOTAL RETIREMENT OF SECURITIES	5,352,576	20,623,446	9,741,767	11,034,151	3,447,973
	OTHER USES					
34	NET INCREASE IN WORKING CAPITAL	-	-	799,875	-	-
35	OTHER	433,619-	-	273,172	1,149,717	232,646
36	TOTAL FUNDS APPLIED	$ 47,275,291	$ 64,900,691	$ 49,131,774	$ 45,226,912	$ 37,125,098

CONTINENTAL TELEPHONE COMPANY OF NEW YORK, INC.
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
TELEPHONE OPERATING INCOME						
OPERATING REVENUES	$ 153,436,663	$ 146,532,529	$ 140,889,280	$ 129,063,932	$ 117,176,227	1
OPERATION AND MAINTENANCE EXPENSE	73,894,845	69,483,538	66,951,172	61,773,659	56,587,500	2
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	3
DEPRECIATION	23,819,690	22,551,389	20,591,643	21,593,944	20,931,371	4
AMORTIZATION	170,345	170,345	170,345	170,345	170,345	5
TAXES OTHER THAN INCOME TAXES-OPERATING	15,407,402	13,888,045	13,116,980	15,489,384	14,674,375	6
INCOME TAXES-OPERATING	7,482,871	5,978,103	8,012,276	6,067,864	3,726,872	7
OPERATING INCOME TAXES DEFERRED	4,418,160	7,146,976	6,041,463	4,126,987	3,106,030	8
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	-	10,578-	29,042-	59,044-	89,232-	9
TOTAL OPERATING EXPENSES	125,193,313	119,207,818	114,854,837	109,163,139	99,107,261	10
TOTAL TELEPHONE OPERATING INCOME	28,243,350	27,324,711	26,034,443	19,900,793	18,068,966	11
OTHER INCOME						
DIVIDEND INCOME	241	-	170	160	140	12
INTEREST INCOME	320,206	724,530	291,252	427,538	219,218	13
ALLOWANCE FOR CONSTRUCTION FUNDS	1,277,295	991,693	582,014	557,714	586,347	14
INCOME FROM SINKING AND OTHER FUNDS	-	-	-	-	-	15
INCOME FROM MISC. PHYSICAL PROPERTY	841-	377-	18,641-	7,299-	1,586-	16
MISCELLANEOUS INCOME	1,374,698	1,445,306-	3,313,336-	251,970	110,200	17
TOTAL OTHER INCOME	2,971,599	270,540	2,458,541-	1,230,083	914,319	18
TOTAL INCOME	31,214,949	27,595,251	23,575,902	21,130,876	18,983,285	19
INCOME DEDUCTIONS						
TAXES OTHER THAN INC. TAXES-NONOPERATING	129,057	223,757	285,744	217,272	304,357	20
INCOME TAXES-NONOPERATING	969,947	615,632-	1,636,626-	10,621	84,554-	21
MISCELLANEOUS INCOME CHARGES	1,179,147	399,301	231,271	74,627	86,153	22
TOTAL INCOME DEDUCTIONS	2,278,151	7,426	1,119,611-	302,520	305,956	23
INCOME BEFORE INTEREST CHARGES	28,936,798	27,587,825	24,695,513	20,828,356	18,677,329	24
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	9,607,758	10,052,911	8,234,801	7,729,795	7,030,827	25
AMORT. OF DEBT DISCOUNT AND EXPENSE	153,606	152,544	129,011	119,728	113,307	26
AMORT. OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	27
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	28
OTHER INTEREST EXPENSE	97,003	78,724	428,118	903,242	472,304	29
TOTAL INTEREST CHARGES	9,858,367	10,284,179	8,791,930	8,752,765	7,616,438	30
INCOME BEFORE EXTRAORDINARY/DELAYED ITEMS	19,078,431	17,303,646	15,903,583	12,075,591	11,060,891	31
EXTRAORDINARY & DELAYED ITEMS - NET LESS TAX EFFECT	11,714	424	38,528-	19,584-	1,270	32
NET INCOME	$ 19,090,145	$ 17,304,070	$ 15,865,055	$ 12,056,007	$ 11,062,161	33
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 39,387,949	$ 34,583,879	$ 31,218,824	$ 32,662,817	$ 32,633,772	34
TRANSFERRED FROM INCOME	19,090,145	17,304,070	15,865,055	12,056,007	11,062,161	35
MISCELLANEOUS CREDITS	-	-	-	-	-	36
MISCELLANEOUS DEBITS	-	-	-	-	-	37
APPROPRIATIONS	-	-	-	-	-	38
DIVIDENDS DECLARED-PREFERRED STOCK	-	-	-	-	33,116	39
-COMMON STOCK	14,100,000	12,500,000	12,500,000	13,500,000	11,000,000	40
BALANCE END OF YEAR	44,378,094	39,387,949	34,583,879	31,218,824	32,662,817	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 44,378,099	$ 39,387,949	$ 34,583,879	$ 31,218,824	$ 32,662,817	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME-PERCENT OF OPERATING REVENUES	12.4	11.8	11.2	9.3	9.4	44
PRETAX COVERAGE OF INTEREST CHARGES	4.2	3.9	4.2	3.5	3.3	45
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	73.8	72.2	78.7	111.9	99.7	46
RETURN ON COMMON EQUITY	18.0	17.1	16.3	12.5	22.8	47

CONTINENTAL TELEPHONE COMPANY OF NEW YORK, INC
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	TELEPHONE OPERATING REVENUES					
1	LOCAL REVENUES	$ 49,787,002	$ 47,929,721	$ 48,122,699	$ 45,178,289	$ 41,162,036
2	ACCESS REVENUES	96,098,691	91,765,461	85,159,412	-	-
3	TOLL REVENUES	817,557	608,058	778,758	79,944,050	72,502,954
4	MISCELLANEOUS REVENUES	7,972,973	7,204,502	7,240,340	4,812,167	4,285,590
5	UNCOLLECTIBLE REVENUES-DR	1,239,560	975,213	411,929	870,574	774,353
6	TOTAL OPERATING REVENUES	$ 153,436,663	$ 146,532,529	$ 140,889,280	$ 129,063,932	$ 117,176,227
7	ACCESS LINES IN SERVICE	226,242	218,373	210,998	204,617	199,848
	TELEPHONE OPERATING REVENUE RELATIONSHIPS					
	REVENUE PER AVERAGE ACCESS LINE*					
8	LOCAL REVENUE	$ 223.96	$ 223.26	$ 231.57	$ 223.40	$ 411.93
9	ACCESS REVENUE	432.28	427.44	409.80		
10	TOLL REVENUE	3.68	2.83	3.75	395.31	725.58

*YEAR END AVERAGE

LINE NO	ITEM	1987	1986	1985	1984	1983
	OPERATION AND MAINTENANCE EXPENSES					
11	MAINTENANCE EXPENSES	$ 32,490,797	$ 29,891,214	$ 29,291,658	$ 27,635,413	$ 25,557,118
12	DEPRECIATION & AMORTIZATION	23,990,035	22,721,734	20,761,988	21,764,289	21,101,716
13	TRAFFIC EXPENSES	4,983,117	6,487,823	6,974,945	7,220,270	6,508,838
14	COMMERCIAL EXPENSES	9,568,410	8,928,052	8,048,905	7,173,796	6,997,274
15	ACCESS EXPENSES	-	-	-	-	-
16	GENERAL OFFICE SALARIES & EXPENSES	13,734,251	12,005,883	10,832,196	9,859,290	8,430,870
17	OTHER OPERATING EXPENSES	13,118,270	12,170,566	11,803,468	9,884,890	9,093,400
18	TOTAL O & M EXPENSES	$ 97,884,880	$ 92,205,272	$ 87,713,160	$ 83,537,948	$ 77,689,216

CONTINENTAL TELEPHONE COMPANY OF NEW YORK INC
DISTRIBUTION OF TELEPHONE REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
REVENUES	$ 153,436,663	$ 146,532,529	$ 140,889,280	$ 129,063,932	$ 117,176,227	1
ACCESS LINES - AVERAGE*	222,308	214,686	207,808	202,233	99,924	2
DOLLAR AMOUNTS						
WAGES AND BENEFITS	$ 36,005,252	$ 35,206,883	$ 34,560,545	$ 35,621,999	$ 33,926,198	3
OTHER OPERATION AND MAINTENANCE EXPENSES	37,889,593	34,276,655	32,390,626	26,151,660	22,661,302	4
DEPRECIATION AND AMORTIZATION EXPENSES	23,990,035	22,721,734	20,761,988	21,764,289	21,101,716	5
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	6
INCOME TAXES - OPERATING	11,901,031	13,114,501	14,024,697	10,135,807	6,743,670	7
OTHER TAXES - OPERATING	15,407,402	13,888,045	13,116,980	15,489,384	14,674,375	8
INTEREST CHARGES **	9,419,970	9,916,215	8,603,939	8,524,660	7,380,727	9
PREFERRED DIVIDENDS**	-	-	-	-	33,116	10
EARNINGS AVAILABLE FOR COMMON EQUITY	18,823,380	17,408,496	17,430,504	11,376,133	10,655,123	11
TOTAL	$ 153,436,663	$ 146,532,529	$ 140,889,280	$ 129,063,932	$ 117,176,227	12
PERCENT OF REVENUES						
WAGES AND BENEFITS	23.5	24.0	24.5	27.6	29.0	13
OTHER OPERATION AND MAINTENANCE EXPENSES	24.7	23.4	23.0	20.3	19.3	14
DEPRECIATION AND AMORTIZATION EXPENSES	15.6	15.5	14.7	16.9	18.0	15
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	16
INCOME TAXES - OPERATING	7.8	8.9	10.0	7.9	5.8	17
OTHER TAXES - OPERATING	10.0	9.5	9.3	12.0	12.5	18
INTEREST CHARGES**	6.1	6.8	6.1	6.6	6.3	19
PREFERRED DIVIDENDS **	-	-	-	-	-	20
EARNINGS AVAILABLE FOR COMMON EQUITY	12.3	11.9	12.4	8.8	9.1	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
DOLLARS PER AVERAGE ACCESS LINE PER MONTH						
WAGES AND BENEFITS	$ 13.50	$ 13.67	$ 13.86	$ 14.68	$ 28.29	23
OTHER OPERATION AND MAINTENANCE EXPENSES	14.20	13.30	12.99	10.78	18.90	24
DEPRECIATION AND AMORTIZATION EXPENSES	8.99	8.82	8.33	8.97	17.60	25
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	26
INCOME TAXES - OPERATING	4.46	5.09	5.62	4.18	5.62	27
OTHER TAXES - OPERATING	5.78	5.39	5.26	6.38	12.24	28
						29
INTEREST CHARGES **	3.53	3.85	3.45	3.51	6.16	
PREFERRED DIVIDENDS **	-	-	-	-	0.03	30
EARNINGS AVAILABLE FOR COMMON EQUITY	7.06	6.76	6.99	4.69	8.89	31
TOTAL	$ 57.52	$ 56.88	$ 56.50	$ 53.18	$ 97.72	32

* YEAR END AVERAGE

**NET OF AFC

CROWN POINT TELEPHONE CORPORATION
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF TELEPHONE PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	TELEPHONE PLANT	$ 1,594,766	$ 1,543,892	$ 1,535,802	$ 1,136,971	$ 1,118,316
2	ACCUM. PROV. FOR DEPR. & AMORT.	558,351	465,794	532,158	457,704	389,535
3	NET TELEPHONE PLANT	1,036,415	1,078,098	1,003,644	679,267	728,781
4	INVESTMENTS IN AFFILIATED COMPANIES	-	-	-	-	-
5	ADVANCES TO AFFILIATED COMPANIES	-	-	-	-	-
6	MISCELLANEOUS PHYSICAL PROPERTY	254	-	-	-	-
7	OTHER INVESTMENTS AND FUNDS	16,500	20,000	8,000	-	-
8	TOTAL INVESTMENTS AND FUNDS	16,754	20,000	8,000	-	-
9	CASH AND WORKING FUNDS	17,523	7,458	186,327	5,785	5,464
10	SPECIAL CASH DEPOSITS	-	-	-	-	-
11	TEMPORARY CASH INVESTMENTS	-	-	-	-	-
12	NOTES & ACCT'S REC.-AFFILIATED CO'S	-	-	-	-	-
13	OTHER NOTES AND ACCOUNTS RECEIVABLE	62,443	31,174	17,316	29,641	43,433
14	DUE - CUST. & AGENTS LESS ACCUM. PROV. - UNCOLLECTIBLE ACCTS	48,773	46,133	57,188	53,213	44,074
15	MATERIALS AND SUPPLIES	20,072	17,641	7,722	6,366	5,457
16	MERCH. AND MATERIAL HELD FOR SALE	9,086	8,643	16,056	24,405	16,268
17	PREPAYMENTS	18,592	17,686	13,674	12,946	11,551
18	OTHER CURRENT AND ACCRUED ASSETS	-	-	-	-	-
19	TOTAL CURRENT AND ACCRUED ASSETS	176,489	128,735	298,283	132,356	126,247
20	UNAMORTIZED DEBT DISCOUNT AND EXPENSE	10,688	11,068	11,342	11,616	11,891
21	EXTRAORDINARY MAINTENANCE & RETIREMENTS	-	-	-	-	-
22	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
23	OTHER DEFERRED DEBITS	-	1,138	415	1,386	143
24	TOTAL DEFERRED DEBITS	10,688	12,206	11,757	13,002	12,034
25	TOTAL ASSETS AND OTHER DEBITS	1,240,346	$ 1,239,039	$ 1,321,684	$ 824,625	$ 867,062
	TELEPHONE PLANT					
26	PLANT IN SERVICE	$ 1,588,546	$ 1,536,934	$ 1,156,433	$ 1,116,060	$ 1,108,044
27	PLANT UNDER CONSTRUCTION	6,220	6,958	379,369	20,911	10,272
28	PROPERTY HELD FOR FUTURE USE	-	-	-	-	-
29	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
30	PLANT ADJUSTMENTS	-	-	-	-	-
31	TOTAL TELEPHONE UTILITY PLANT	1,594,766	1,543,892	1,535,802	1,136,971	1,118,316
32	ACCUM. PROV. FOR DEPR. AND AMORT.	558,351	465,794	532,158	457,704	389,535
33	NET TELEPHONE PLANT	1,036,415	1,078,098	1,003,644	679,267	728,781
	PLANT IN SERVICE					
34	BEGINNING OF YEAR	1,536,934	1,156,433	1,116,060	1,108,044	1,109,211
35	ADDITIONS	53,255	529,856	42,303	16,146	1,325
36	RETIREMENTS	1,643	149,355	1,930	8,130	2,492
37	TRANSFERS AND ADJUSTMENTS	-	-	-	-	-
38	END OF YEAR	$ 1,588,546	$ 1,536,934	$ 1,156,433	$ 1,116,060	$ 1,108,044

CROWN POINT TELEPHONE CORPORATION
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 24,300	$ 24,300	$ 24,300	$ 24,300	$ 24,300	1
PREFERRED CAPITAL STOCK	-	-	-	-	-	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	4,863	4,863	4,863	4,863	4,863	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	167,174	144,942	137,918	118,337	124,844	9
TOTAL PROPRIETARY CAPITAL	196,337	174,105	167,081	147,500	154,007	10
BONDS(LESS BONDS REACQUIRED)	926,299	876,707	891,521	566,838	509,615	11
ADVANCES FROM AFFILIATED COMPANIES	-	-	-	-	-	12
OTHER LONG-TERM DEBT	-	-	-	9,243	19,243	13
TOTAL LONG-TERM DEBT	926,299	876,707	891,521	576,081	528,858	14
NOTES & ACCTS PAY TO AFFILIATED CO'S	-	-	-	-	-	15
OTHER NOTES AND ACCOUNTS PAYABLE	80,989	154,645	239,824	73,927	152,966	16
CUSTOMERS' DEPOSITS	-	440	3,251	2,113	2,672	17
ADVANCE BILLING AND PAYMENTS	1,700	-	-	-	-	18
TAXES ACCRUED	4,826	5,349	5,257-	353	3,835	19
OTHER CURRENT AND ACCRUED LIABILITIES	12,141	13,309	11,631	13,370	13,381	20
TOTAL CURRENT AND ACCRUED LIABILITIES	99,656	173,743	249,449	89,763	172,854	21
UNAMORTIZED PREMIUM ON DEBT	-	-	-	-	-	22
ACCUM DEFERRED INVESTMENT TAX CREDITS	5,898	2,911	3,241	3,571	3,901	23
OTHER DEFERRED CREDITS	-	-	-	-	-	24
TOTAL DEFERRED CREDITS	5,898	2,911	3,241	3,571	3,901	25
OPERATING RESERVES	-	-	-	-	-	26
ACCUM DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION	12,156	11,573	10,392	7,710	7,442	27
ACCUM DEFERRED INCOME TAXES - OTHER	-	-	-	-	-	28
TOTAL LIABILITIES AND OTHER CREDITS	$ 1,240,346	$ 1,239,039	$ 1,321,684	$ 824,625	$ 867,062	29
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS/CURRENT LIABILITIES	1.77	0.74	1.20	1.47	0.73	30
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	82.5	83.4	84.2	79.6	77.4	31
PREFERRED STOCK	-	-	-	-	-	32
COMMON STOCK & OTHER PAID-IN CAPITAL	2.5	2.7	2.7	4.0	4.2	33
RETAINED EARNINGS	14.8	13.7	13.0	16.3	18.2	34
LONG TERM DEBT % OF GROSS UTILITY PLANT	58.0	56.7	58.0	50.6	47.2	35
ACCUM PROV FOR DEPR & AMORT %OF UTIL PLT	35.0	30.1	34.6	40.2	34.8	36

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CROWN POINT TELEPHONE CORPORATION
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL					
1	NET INCOME	$ 22,232	$ 7,024	$ 19,581	$ 6,507-	$ 10,532-
2	DEPRECIATION AND AMORTIZATION	81,245	72,542	76,482	76,777	76,385
3	DEFERRED INCOME TAXES (NET)	3,570	851	2,352	62-	961
4	INTEREST CAPITALIZED	-	-	-	-	-
5	OTHER (NET)	-	-	-	-	-
6	SUBTOTAL	107,047	80,417	98,415	70,208	66,814
7	EXTRAORDINARY ITEMS	-	-	-	-	17,987
8	TOTAL FUNDS - INTERNAL SOURCES	107,047	80,417	98,415	70,208	84,801
9	LESS DIVIDENDS PREFERRED	-	-	-	-	-
	COMMON	-	-	-	-	-
11	NET FUNDS - INTERNAL SOURCES	107,047	80,417	98,415	70,208	84,801
	EXTERNAL					
12	LONG TERM DEBT	69,000	-	339,000	71,000	-
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	-	-	26,000	-	-
17	OTHER (NET)	-	-	-	-	-
18	TOTAL FUNDS - EXTERNAL SOURCES	69,000	-	365,000	71,000	-
	OTHER SOURCES					
19	NET DECREASE IN WORKING CAPITAL	-	97,854	552	-	-
20	OTHER	13,632	12,825	-	227	-
21	TOTAL FUNDS PROVIDED	$ 189,679	$ 191,096	$ 463,967	$ 141,435	$ 84,801
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
22	TELEPHONE PLANT	$ 52,517	$ 157,024	$ 400,761	$ 26,785	$ 1,997
23	NON-UTILITY PLANT	-	-	-	-	-
24	OTHER	-	-	-	-	-
25	TOTAL CONSTRUCTION	52,517	157,024	400,761	26,785	1,997
26	LESS INTEREST CAPITALIZED	-	-	-	-	-
27	TOTAL EXCLUDING INTEREST CAPITALIZED	52,517	157,024	400,761	26,785	1,997
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	19,408	14,814	23,560	23,777	23,300
29	PREFERRED STOCK	-	-	-	-	-
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	-	-	75,500	4,000
32	OTHER (NET)	-	-	-	-	-
33	TOTAL RETIREMENT OF SECURITIES	19,408	14,814	23,560	99,277	27,300
	OTHER USES					
34	NET INCREASE IN WORKING CAPITAL	120,935	-	31,513	12,307	47,559
35	OTHER	3,181-	19,258	8,133	3,066	7,945
36	TOTAL FUNDS APPLIED	$ 189,679	$ 191,096	$ 463,967	$ 141,435	$ 84,801

CROWN POINT TELEPHONE CORPORATION
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
TELEPHONE OPERATING INCOME						
OPERATING REVENUES	$ 729,686	$ 597,566	$ 533,602	$ 494,414	$ 461,305	1
OPERATION AND MAINTENANCE EXPENSE	499,276	410,682	348,612	346,159	321,163	2
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	3
DEPRECIATION	80,865	72,267	63,425	63,431	52,879	4
AMORTIZATION	-	-	-	-	-	5
TAXES OTHER THAN INCOME TAXES-OPERATING	66,483	59,649	51,588	56,724	54,670	6
INCOME TAXES-OPERATING	3,686	-	-	-	330-	7
OPERATING INCOME TAXES DEFERRED	583	1,181	2,682	268	-	8
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	-	-	-	-	-	9
TOTAL OPERATING EXPENSES	650,893	543,779	466,307	466,582	438,382	10
TOTAL TELEPHONE OPERATING INCOME	78,793	53,787	67,295	27,832	22,923	11
OTHER INCOME						
DIVIDEND INCOME	-	-	-	-	-	12
INTEREST INCOME	-	8	3	3	2	13
ALLOWANCE FOR CONSTRUCTION FUNDS	-	-	-	-	-	14
INCOME FROM SINKING AND OTHER FUNDS	-	-	-	-	-	15
INCOME FROM MISC. PHYSICAL PROPERTY	-	-	-	-	-	16
MISCELLANEOUS INCOME	9,471-	1,043	14,803-	1,770	5,785	17
TOTAL OTHER INCOME	9,471-	1,051	14,800-	1,773	5,787	18
TOTAL INCOME	69,322	54,838	52,495	29,605	28,710	19
INCOME DEDUCTIONS						
TAXES OTHER THAN INC. TAXES-NONOPERATING	-	-	-	-	-	20
INCOME TAXES-NONOPERATING	-	-	-	-	-	21
MISCELLANEOUS INCOME CHARGES	-	-	-	-	-	22
TOTAL INCOME DEDUCTIONS	-	-	-	-	-	23
INCOME BEFORE INTEREST CHARGES	69,322	54,838	52,495	29,605	28,710	24
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	43,743	44,503	29,530	26,529	27,813	25
AMORT. OF DEBT DISCOUNT AND EXPENSE	380	274	274	274	274	26
AMORT. OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	27
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	28
OTHER INTEREST EXPENSE	2,967	3,037	3,110	9,309	11,155	29
TOTAL INTEREST CHARGES	47,090	47,814	32,914	36,112	39,242	30
INCOME BEFORE EXTRAORDINARY/DELAYED ITEMS	22,232	7,024	19,581	6,507-	10,532-	31
EXTRAORDINARY & DELAYED ITEMS - NET LESS TAX EFFECT	-	-	-	-	17,987	32
NET INCOME	$ 22,232	$ 7,024	$ 19,581	$ 6,507-	$ 7,455	33
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 144,942	$ 137,918	$ 118,337	$ 124,844	$ 117,389	34
TRANSFERRED FROM INCOME	22,232	7,024	19,581	6,507-	7,455	35
MISCELLANEOUS CREDITS	-	-	-	-	-	36
MISCELLANEOUS DEBITS	-	-	-	-	-	37
APPROPRIATIONS	-	-	-	-	-	38
DIVIDENDS DECLARED-PREFERRED STOCK	-	-	-	-	-	39
-COMMON STOCK	-	-	-	-	-	40
BALANCE END OF YEAR	167,174	144,942	137,918	118,337	124,844	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 167,174	$ 144,942	$ 137,918	$ 118,337	$ 124,844	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME-PERCENT OF OPERATING REVENUES	3.0	1.1	3.6	1.2-	1.6	44
PRETAX COVERAGE OF INTEREST CHARGES	1.5	1.2	1.7	0.8	0.7	45
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	-	-	-	-	-	46
RETURN ON COMMON EQUITY	12.0	4.1	12.4	4.2-	4.9	47

CROWN POINT TELEPHONE CORPORATION
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	TELEPHONE OPERATING REVENUES					
1	LOCAL REVENUES	$ 189,072	$ 138,013	$ 120,964	$ 101,782	$ 97,517
2	ACCESS REVENUES	168,855	154,551	143,055	-	-
3	TOLL REVENUES	335,074	282,571	239,005	388,484	362,444
4	MISCELLANEOUS REVENUES	41,371	28,849	33,219	6,687	3,128
5	UNCOLLECTIBLE REVENUES-DR	4,686	6,418	2,641	2,539	1,784
6	TOTAL OPERATING REVENUES	$ 729,686	$ 597,566	$ 533,602	$ 494,414	$ 461,305
7	ACCESS LINES IN SERVICE	761	682	726	701	680
	TELEPHONE OPERATING REVENUE RELATIONSHIPS					
	REVENUE PER AVERAGE ACCESS LINE*					
8	LOCAL REVENUE	$ 262.05	$ 196.04	$ 169.54	$ 147.40	$ 142.67
9	ACCESS REVENUE	234.03	219.53	200.50		
10	TOLL REVENUE	464.41	401.38	334.98	562.61	530.28

*YEAR END AVERAGE

LINE NO	ITEM	1987	1986	1985	1984	1983
	OPERATION AND MAINTENANCE EXPENSES					
11	MAINTENANCE EXPENSES	$ 115,191	$ 98,360	$ 73,077	$ 85,014	$ 90,097
12	DEPRECIATION & AMORTIZATION	80,865	72,267	63,425	63,431	62,879
13	TRAFFIC EXPENSES	9,419	8,208	11,365	11,610	2,669
14	COMMERCIAL EXPENSES	33,293	31,803	29,326	28,455	19,949
15	ACCESS EXPENSES	-	-	-	-	-
16	GENERAL OFFICE SALARIES & EXPENSES	253,273	194,954	162,925	149,278	138,179
17	OTHER OPERATING EXPENSES	88,100	77,357	71,919	71,802	70,269
18	TOTAL O & M EXPENSES	$ 580,141	$ 482,949	$ 412,037	$ 409,590	$ 384,042

CROWN POINT TELEPHONE CORPORATION
DISTRIBUTION OF TELEPHONE REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
REVENUES	$ 729.686	$ 597.566	$ 533.602	$ 494.414	$ 461 305	1
ACCESS LINES - AVERAGE*	722	704	714	691	684	2
			DOLLAR AMOUNTS			
WAGES AND BENEFITS	$ 213.459	$ 208.113	$ 178,798	$ 187.881	$ 172 705	3
OTHER OPERATION AND MAINTENANCE EXPENSES	285.817	202.569	169,814	158.278	148.458	4
DEPRECIATION AND AMORTIZATION EXPENSES	80.865	72,267	63,425	63.431	62 879	5
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	6
INCOME TAXES - OPERATING	4.269	1,181	2,682	268	330-	7
OTHER TAXES - OPERATING	66.483	59,649	51,588	56.724	54.670	8
INTEREST CHARGES **	47.090	47.814	32.914	35.112	39 242	9
PREFERRED DIVIDENDS**	-	-	-	-	-	10
EARNINGS AVAILABLE FOR COMMON EQUITY	31 703	5,973	34,381	8.280-	16,319-	11
TOTAL	$ 729.686	$ 597.566	$ 533.602	$ 494.414	$ 461 305	12
			PERCENT OF REVENUES			
WAGES AND BENEFITS	29 3	34 8	33 5	38 0	37 4	13
OTHER OPERATION AND MAINTENANCE EXPENSES	39 2	33 9	31 8	32 0	32 2	14
DEPRECIATION AND AMORTIZATION EXPENSES	11 1	12 1	11 9	12 8	13 6	15
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	16
INCOME TAXES - OPERATING	0 6	0 2	0 5	0 1	-	17
OTHER TAXES - OPERATING	9 1	10 0	9 7	11 5	11 9	18
INTEREST CHARGES**	6 5	8 0	6 2	7 3	8 5	19
PREFERRED DIVIDENDS **	-	-	-	-	-	20
EARNINGS AVAILABLE FOR COMMON EQUITY	4 3	1 0	6 4	1 6-	3 4-	21
TOTAL	100 0	100 0	100 0	100 0	100 0	22
			DOLLARS PER AVERAGE ACCESS LINE PER MONTH			
WAGES AND BENEFITS	$ 24 65	$ 24 63	$ 20 88	$ 22 67	$ 21 06	23
OTHER OPERATION AND MAINTENANCE EXPENSES	33 01	23 98	19 83	19 10	18 10	24
DEPRECIATION AND AMORTIZATION EXPENSES	9 34	8 55	7 41	7 66	7 67	25
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	26
INCOME TAXES - OPERATING	0 49	0 14	0 31	0 03	0 03-	27
OTHER TAXES - OPERATING	7 68	7 06	6 03	6 85	6 67	28
INTEREST CHARGES **	5 44	5 66	3 84	4 36	4 78	29
PREFERRED DIVIDENDS **	-	-	-	-	-	30
EARNINGS AVAILABLE FOR COMMON EQUITY	3 66	0 71	4 02	0 99-	1 98-	31
TOTAL	$ 84 28	$ 70 73	$ 62 32	$ 59 67	$ 56 24	32

* YEAR END AVERAGE

**NET OF AFC

DELHI TELEPHONE COMPANY
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF TELEPHONE PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	TELEPHONE PLANT	$ 5,940,663	$ 5,776,559	$ 5,779,501	$ 5,471,331	$ 5,298,800
2	ACCUM PROV FOR DEPR & AMORT	1,685,662	1,630,235	2,199,232	1,832,945	1,496,133
3	NET TELEPHONE PLANT	4,255,001	4,146,324	3,580,269	3,638,386	3,802,667
4	INVESTMENTS IN AFFILIATED COMPANIES	-	-	-	-	-
5	ADVANCES TO AFFILIATED COMPANIES	-	-	-	-	-
6	MISCELLANEOUS PHYSICAL PROPERTY	-	-	-	-	-
7	OTHER INVESTMENTS AND FUNDS	381,098	377,735	334,626	310,194	293,317
8	TOTAL INVESTMENTS AND FUNDS	381,098	377,735	334,626	310,194	293,317
9	CASH AND WORKING FUNDS	115,031	11,813	161,205	107,741	91,792
10	SPECIAL CASH DEPOSITS	-	33,289	31,591	35,271	33,694
11	TEMPORARY CASH INVESTMENTS	935,499	617,565	830,870	634,072	400,000
12	NOTES & ACCT'S REC -AFFILIATED CO'S	-	-	-	-	-
13	OTHER NOTES AND ACCOUNTS RECEIVABLE	465,516	735,599	299,665	237,629	163,613
14	DUE - CUST & AGENTS LESS ACCUM PROV - UNCOLLECTIBLE ACCTS	286,750	276,363	242,876	237,095	205,107
15	MATERIALS AND SUPPLIES	85,185	54,695	66,868	61,980	52,911
16	MERCH AND MATERIAL HELD FOR SALE	2,529	10,688	3,124	3,099	-
17	PREPAYMENTS	47,591	41,698	40,262	120,215	122,742
18	OTHER CURRENT AND ACCRUED ASSETS	67,260	56,679	50,031	43,421	37,057
19	TOTAL CURRENT AND ACCRUED ASSETS	2,005,361	1,838,389	1,726,492	1,480,523	1,106,916
20	UNAMORTIZED DEBT DISCOUNT AND EXPENSE	19,731	20,943	22,156	23,367	24,579
21	EXTRAORDINARY MAINTENANCE & RETIREMENTS	-	-	-	-	-
22	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
23	OTHER DEFERRED DEBITS	-	15,859	3,041	49,980	8,392
24	TOTAL DEFERRED DEBITS	19,731	36,802	25,197	73,347	32,971
25	TOTAL ASSETS AND OTHER DEBITS	6,661,191	$ 6,399,250	$ 5,666,584	$ 5,502,450	$ 5,235,871
	TELEPHONE PLANT					
26	PLANT IN SERVICE	$ 5,686,790	$ 5,772,086	$ 5,649,833	$ 5,352,615	$ 5,293,871
27	PLANT UNDER CONSTRUCTION	253,873	4,473	129,668	118,716	4,929
28	PROPERTY HELD FOR FUTURE USE	-	-	-	-	-
29	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
30	PLANT ADJUSTMENTS	-	-	-	-	-
31	TOTAL TELEPHONE UTILITY PLANT	5,940,663	5,776,559	5,779,501	5,471,331	5,298,800
32	ACCUM PROV FOR DEPR AND AMORT	1,685,662	1,630,235	2,199,232	1,832,945	1,496,133
33	NET TELEPHONE PLANT	4,255,001	4,146,324	3,580,269	3,638,386	3,802,667
	PLANT IN SERVICE					
34	BEGINNING OF YEAR	5,772,085	5,649,833	5,352,615	5,293,871	5,018,722
35	ADDITIONS	205,903	1,244,049	343,517	163,216	310,877
36	RETIREMENTS	291,198	1,121,797	46,299	104,472	35,728
37	TRANSFERS AND ADJUSTMENTS	-	-	-	-	-
38	END OF YEAR	$ 5,686,790	$ 5,772,085	$ 5,649,833	$ 5,352,615	$ 5,293,871

DELHI TELEPHONE COMPANY
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 110,000	$ 110,000	$ 110,000	$ 110,000	$ 110,000	1
PREFERRED CAPITAL STOCK	6,000	6,000	8,000	10,600	16,400	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	2,099,597	1,788,058	1,630,369	1,460,747	1,407,778	9
TOTAL PROPRIETARY CAPITAL	2,215,597	1,904,058	1,748,369	1,581,347	1,534,178	10
BONDS (LESS BONDS REACQUIRED)	2,474,604	2,685,486	2,666,526	2,720,690	2,665,340	11
ADVANCES FROM AFFILIATED COMPANIES	-	-	-	-	-	12
OTHER LONG-TERM DEBT	174,200	-	-	-	-	13
TOTAL LONG-TERM DEBT	2,648,804	2,685,486	2,666,526	2,720,690	2,665,340	14
NOTES & ACCTS PAY TO AFFILIATED CO S	-	-	-	-	-	15
OTHER NOTES AND ACCOUNTS PAYABLE	734,994	756,684	223,432	137,827	122,545	16
CUSTOMERS DEPOSITS	2,590	1,700	1,050	22,300	21,350	17
ADVANCE BILLING AND PAYMENTS	28,420	28,547	33,801	29,228	25,566	18
TAXES ACCRUED	38,184	42,481	6,806	57,680	13,651	19
OTHER CURRENT AND ACCRUED LIABILITIES	47,410	37,395	30,188	31,321	29,548	20
TOTAL CURRENT AND ACCRUED LIABILITIES	851,598	866,807	295,277	278,356	212,660	21
UNAMORTIZED PREMIUM ON DEBT	-	-	-	-	-	22
ACCUM DEFERRED INVESTMENT TAX CREDITS	302,787	330,195	285,433	273,807	275,750	23
OTHER DEFERRED CREDITS	8,107	-	-	11,874	-	24
TOTAL DEFERRED CREDITS	310,894	330,195	285,433	285,681	275,750	25
OPERATING RESERVES	188,217	196,821	204,246	190,491	143,851	26
ACCUM DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION	473,408	443,815	494,599	441,483	394,938	27
ACCUM DEFERRED INCOME TAXES - OTHER	27,327-	27,932-	27,866-	4,402	9,154	28
TOTAL LIABILITIES AND OTHER CREDITS	$ 6,661,191	$ 6,399,250	$ 5,666,584	$ 5,502,450	$ 5,235,871	29
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS/CURRENT LIABILITIES	2.35	2.12	5.85	5.32	5.21	30
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	54.4	58.5	60.3	63.2	63.4	31
PREFERRED STOCK	0.1	0.1	0.1	0.2	0.3	32
COMMON STOCK & OTHER PAID-IN CAPITAL	2.2	2.3	2.4	2.5	2.6	33
RETAINED EARNINGS	43.1	38.9	36.9	33.9	33.5	34
LONG TERM DEBT % OF GROSS UTILITY PLANT	44.5	46.4	46.1	49.7	50.3	35
ACCUM PROV FOR DEPR & AMORT %OF UTIL PLT	28.3	28.2	38.0	33.5	28.2	36

214C

DELHI TELEPHONE COMPANY
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL					
1	NET INCOME	$ 167,671	$ 159,325	$ 199,152	$ 132,920	$ 89,251
2	DEPRECIATION AND AMORTIZATION	336,027	346,402	409,721	429,607	372,278
3	DEFERRED INCOME TAXES (NET)	2,790	6,088-	32,474	39,850	65,879
4	INTEREST CAPITALIZED	-	-	-	-	-
5	OTHER (NET)	-	-	-	-	-
6	SUBTOTAL	506,488	499,639	641,347	602,377	527,408
7	EXTRAORDINARY ITEMS	199,729	54,224	26,606	-	52,235
8	TOTAL FUNDS - INTERNAL SOURCES	706,217	553,863	667,953	602,377	579,643
9	LESS DIVIDENDS PREFERRED	420	420	696	751	1,332
	COMMON	55,440	55,440	55,440	79,200	55,440
11	NET FUNDS - INTERNAL SOURCES	650,357	498,003	611,817	522,426	522,871
	EXTERNAL					
12	LONG TERM DEBT	-	52,500	-	81,800	15,800
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	-	-	-	-	100,000
17	OTHER (NET)	-	-	-	-	-
18	TOTAL FUNDS - EXTERNAL SOURCES	-	52,500	-	81,800	115,800
	OTHER SOURCES					
19	NET DECREASE IN WORKING CAPITAL	-	459,634	-	-	-
20	OTHER	52,861	215,919	20,060-	72,545	83,634
21	TOTAL FUNDS PROVIDED	$ 703,218	$ 1,226,056	$ 631,877	$ 676,771	$ 722,305
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
22	TELEPHONE PLANT	$ 455,302	$ 1,118,854	$ 354,469	$ 277,003	$ 258,731
23	NON-UTILITY PLANT	-	-	-	-	-
24	OTHER	-	-	-	-	-
25	TOTAL CONSTRUCTION	455,302	1,118,854	354,469	277,003	258,731
26	LESS INTEREST CAPITALIZED	-	-	-	-	-
27	TOTAL EXCLUDING INTEREST CAPITALIZED	455,302	1,118,854	354,469	277,003	258,731
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	36,682	33,540	54,164	26,450	22,997
29	PREFERRED STOCK	-	2,000	2,600	5,800	15,800
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	-	-	100,000	-
32	OTHER (NET)	-	-	-	-	-
33	TOTAL RETIREMENT OF SECURITIES	36,682	35,540	56,764	132,250	38,797
	OTHER USES					
34	NET INCREASE IN WORKING CAPITAL	182,182	-	240,923	207,911	193,627
35	OTHER	29,052	71,662	20,279-	59,607	231,150
36	TOTAL FUNDS APPLIED	$ 703,218	$ 1,226,056	$ 631,877	$ 676,771	$ 722,305

DELHI TELEPHONE COMPANY
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
TELEPHONE OPERATING INCOME						
OPERATING REVENUES	$ 1,938,627	$ 2,138,406	$ 2,239,884	$ 2,097,036	$ 1,912,483	1
OPERATION AND MAINTENANCE EXPENSE	1,118,974	1,190,648	1,234,856	1,098,721	1,041,047	2
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	3
DEPRECIATION	319,255	330,264	393,103	414,218	358,276	4
AMORTIZATION	-	-	-	-	-	5
TAXES OTHER THAN INCOME TAXES-OPERATING	218,638	217,447	210,173	231,202	202,913	6
INCOME TAXES-OPERATING	75,285-	99,816	36,522	41,816	7,906-	7
OPERATING INCOME TAXES DEFERRED	69,884	39,063-	43,352	46,297	68,123	8
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	39,686-	11,787-	22,504-	4,504-	9,595-	9
TOTAL OPERATING EXPENSES	1,611,780	1,787,325	1,895,502	1,827,750	1,652,858	10
TOTAL TELEPHONE OPERATING INCOME	326,847	351,081	344,382	269,286	259,625	11
OTHER INCOME						
DIVIDEND INCOME	-	-	-	-	-	12
INTEREST INCOME	74,733	52,695	91,465	74,936	48,818	13
ALLOWANCE FOR CONSTRUCTION FUNDS	-	-	-	-	-	14
INCOME FROM SINKING AND OTHER FUNDS	-	-	-	-	-	15
INCOME FROM MISC. PHYSICAL PROPERTY	-	-	-	-	-	16
MISCELLANEOUS INCOME	17,794	1,559-	17,255-	1,334	6,984-	17
TOTAL OTHER INCOME	92,527	51,136	74,210	76,270	41,834	18
TOTAL INCOME	419,374	402,217	418,592	345,556	301,459	19
INCOME DEDUCTIONS						
TAXES OTHER THAN INC. TAXES-NONOPERATING	-	-	-	-	-	20
INCOME TAXES-NONOPERATING	37,090	21,927	-	-	-	21
MISCELLANEOUS INCOME CHARGES	199	3,468	3,763	654	1,316	22
TOTAL INCOME DEDUCTIONS	37,289	25,395	3,763	654	1,316	23
INCOME BEFORE INTEREST CHARGES	382,085	376,822	414,829	344,902	300,143	24
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	204,501	206,574	206,860	208,069	205,550	25
AMORT. OF DEBT DISCOUNT AND EXPENSE	1,212	1,212	1,212	1,212	1,212	26
AMORT. OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	27
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	28
OTHER INTEREST EXPENSE	8,701	9,711	7,605	2,701	4,130	29
TOTAL INTEREST CHARGES	214,414	217,497	215,677	211,982	210,892	30
INCOME BEFORE EXTRAORDINARY/DELAYED ITEMS	167,671	159,325	199,152	132,920	89,251	31
EXTRAORDINARY & DELAYED ITEMS - NET LESS TAX EFFECT	199,729	54,224	26,606	-	52,235	32
NET INCOME	$ 367,400	$ 213,549	$ 225,758	$ 132,920	$ 141,486	33
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 1,788,057	$ 1,630,369	$ 1,460,747	$ 1,407,778	$ 1,323,064	34
TRANSFERRED FROM INCOME	367,400	213,549	225,758	132,920	141,486	35
MISCELLANEOUS CREDITS	-	-	-	-	-	36
MISCELLANEOUS DEBITS	-	-	-	-	-	37
APPROPRIATIONS	-	-	-	-	-	38
DIVIDENDS DECLARED-PREFERRED STOCK	420	420	696	751	1,332	39
-COMMON STOCK	55,440	55,440	55,440	79,200	55,440	40
BALANCE END OF YEAR	2,099,597	1,788,058	1,630,369	1,460,747	1,407,778	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 2,099,597	$ 1,788,058	$ 1,630,369	$ 1,460,747	$ 1,407,778	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME-PERCENT OF OPERATING REVENUES	18.9	9.9	10.0	6.3	7.3	44
PRETAX COVERAGE OF INTEREST CHARGES	1.7	2.1	2.2	2.0	1.7	45
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	15.1	26.0	24.5	59.9	39.5	46
RETURN ON COMMON EQUITY	17.8	11.7	13.5	8.5	9.4	47

214E

DELHI TELEPHONE COMPANY
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	TELEPHONE OPERATING REVENUES					
1	LOCAL REVENUES	$ 419,474	$ 462,204	$ 438,038	$ 442,883	$ 423,730
2	ACCESS REVENUES	664,643	770,877	815,823	-	-
3	TOLL REVENUES	596,316	539,874	545,390	1,605,193	1,457,671
4	MISCELLANEOUS REVENUES	279,159	390,182	466,132	64,776	54,966
5	UNCOLLECTIBLE REVENUES-DR	10,965	24,731	25,499	15,816	23,884
6	TOTAL OPERATING REVENUES	$ 1,938,627	$ 2,138,406	$ 2,239,884	$ 2,097,036	$ 1,912,483
7	ACCESS LINES IN SERVICE	4,114	3,927	3,861	3,151	2,894
	TELEPHONE OPERATING REVENUE RELATIONSHIPS					
	REVENUE PER AVERAGE ACCESS LINE*					
8	LOCAL REVENUE	$ 104.33	$ 118.70	$ 124.94	$ 146.53	$ 147.33
9	ACCESS REVENUE	162.83	197.97	232.69		
10	TOLL REVENUE	148.32	138.64	155.56	531.08	506.84

*YEAR END AVERAGE

LINE NO	ITEM	1987	1986	1985	1984	1983
	OPERATION AND MAINTENANCE EXPENSES					
11	MAINTENANCE EXPENSES	$ 312,599	$ 329,005	$ 293,106	$ 303,011	$ 298,119
12	DEPRECIATION & AMORTIZATION	319,255	330,264	393,103	414,218	358,276
13	TRAFFIC EXPENSES	37,506	116,559	135,870	134,422	127,953
14	COMMERCIAL EXPENSES	150,680	137,678	82,528	65,669	59,841
15	ACCESS EXPENSES	-	-	-	-	-
16	GENERAL OFFICE SALARIES & EXPENSES	328,731	312,644	406,267	321,576	269,905
17	OTHER OPERATING EXPENSES	289,458	294,762	317,085	273,043	285,229
18	TOTAL O & M EXPENSES	$ 1,438,229	$ 1,520,912	$ 1,627,959	$ 1,512,939	$ 1,399,323

214F

DELHI TELEPHONE COMPANY
DISTRIBUTION OF TELEPHONE REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM		1987		1986		1985		1984		1983	LINE NO
REVENUES	$	1,938,627	$	2,138,406	$	2,239,884	$	2,097,036	$	1,912,483	1
ACCESS LINES - AVERAGE*		4,021		3,894		3,506		3,023		2,876	2
DOLLAR AMOUNTS											
WAGES AND BENEFITS	$	624,635	$	709,275	$	687,442	$	676,683	$	617,499	3
OTHER OPERATION AND MAINTENANCE EXPENSES		494,339		481,373		547,414		422,038		423,548	4
DEPRECIATION AND AMORTIZATION EXPENSES		319,255		330,264		393,103		414,218		358,276	5
EXTRAORDINARY RETIREMENTS		-		-		-		-		-	6
INCOME TAXES - OPERATING		45,087-		48,966		57,370		83,609		50,622	7
OTHER TAXES - OPERATING		218,638		217,447		210,173		231,202		202,913	8
INTEREST CHARGES **		214,414		217,497		215,677		211,982		210,892	9
PREFERRED DIVIDENDS**		420		420		696		751		1,332	10
EARNINGS AVAILABLE FOR COMMON EQUITY		112,013		133,164		128,009		56,553		47,401	11
TOTAL	$	1,938,627	$	2,138,406	$	2,239,884	$	2,097,036	$	1,912,483	12
PERCENT OF REVENUES											
WAGES AND BENEFITS		32.2		33.2		30.7		32.3		32.3	13
OTHER OPERATION AND MAINTENANCE EXPENSES		25.5		22.5		24.4		20.1		22.1	14
DEPRECIATION AND AMORTIZATION EXPENSES		16.5		15.4		17.6		19.8		18.7	15
EXTRAORDINARY RETIREMENTS		-		-		-		-		-	16
INCOME TAXES - OPERATING		2.2-		2.3		2.6		4.0		2.6	17
OTHER TAXES - OPERATING		11.3		10.2		9.4		11.0		10.6	18
INTEREST CHARGES**		11.1		10.2		9.6		10.1		11.0	19
PREFERRED DIVIDENDS **		-		-		-		-		0.1	20
EARNINGS AVAILABLE FOR COMMON EQUITY		5.8		6.2		5.7		2.7		2.5	21
TOTAL		100.0		100.0		100.0		100.0		100.0	22
DOLLARS PER AVERAGE ACCESS LINE PER MONTH											
WAGES AND BENEFITS		$ 12.95		$ 15.18		$ 16.34		$ 18.66		$ 17.89	23
OTHER OPERATION AND MAINTENANCE EXPENSES		10.25		10.30		13.01		11.64		12.27	24
DEPRECIATION AND AMORTIZATION EXPENSES		6.62		7.07		9.34		11.42		10.38	25
EXTRAORDINARY RETIREMENTS		-		-		-		-		-	26
INCOME TAXES - OPERATING		0.92-		1.05		1.36		2.31		1.47	27
OTHER TAXES - OPERATING		4.53		4.65		5.00		6.37		5.88	28
											29
INTEREST CHARGES **		4.44		4.65		5.13		5.84		6.11	
PREFERRED DIVIDENDS **		0.01		0.01		0.02		0.02		0.04	30
EARNINGS AVAILABLE FOR COMMON EQUITY		2.32		2.85		3.04		1.56		1.37	31
TOTAL		$ 40.18		$ 45.76		$ 53.24		$ 57.82		$ 55.42	32

* YEAR END AVERAGE

**NET OF AFC

DEPOSIT TELEPHONE COMPANY, INC
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF TELEPHONE PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	TELEPHONE PLANT	$ 8,554,139	$ 7,974,923	$ 7,736,832	$ 7,307,017	$ 6,593,082
2	ACCUM PROV FOR DEPR & AMORT	2,147,583	2,298,538	2,106,240	1,737,538	1,582,004
3	NET TELEPHONE PLANT	6,406,556	5,676,385	5,630,592	5,569,479	5,011,078
4	INVESTMENTS IN AFFILIATED COMPANIES	-	-	-	-	-
5	ADVANCES TO AFFILIATED COMPANIES	-	-	-	-	-
6	MISCELLANEOUS PHYSICAL PROPERTY	19,472	17,673	11,357	8,240	-
7	OTHER INVESTMENTS AND FUNDS	30,320	21,320	9,320	4,320	1,320
8	TOTAL INVESTMENTS AND FUNDS	49,792	38,993	20,677	12,560	1,320
9	CASH AND WORKING FUNDS	626,968	752,808	294,423	130,698	357,498
10	SPECIAL CASH DEPOSITS	77,058	68,223	3,433	3,433	2,305
11	TEMPORARY CASH INVESTMENTS	-	-	-	-	-
12	NOTES & ACCT'S REC -AFFILIATED CO'S	-	-	-	-	-
13	OTHER NOTES AND ACCOUNTS RECEIVABLE	304,578	239,936	256,694	653,324	44,984
14	DUE - CUST & AGENTS LESS ACCUM PROV - UNCOLLECTIBLE ACCTS	293,579	289,490	266,878	294,564	271,812
15	MATERIALS AND SUPPLIES	188,749	85,485	87,237	84,351	57,425
16	MERCH AND MATERIAL HELD FOR SALE	11,163	12,074	11,439	15,616	16,063
17	PREPAYMENTS	75,388	76,191	67,786	62,967	59,255
18	OTHER CURRENT AND ACCRUED ASSETS	-	-	-	-	-
19	TOTAL CURRENT AND ACCRUED ASSETS	1,577,483	1,524,207	987,890	1,244,953	809,342
20	UNAMORTIZED DEBT DISCOUNT AND EXPENSE	40,013	44,249	48,485	52,721	56,957
21	EXTRAORDINARY MAINTENANCE & RETIREMENTS	-	-	-	13,853	11,930
22	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
23	OTHER DEFERRED DEBITS	9,600	8,584	8,326	-	-
24	TOTAL DEFERRED DEBITS	49,613	52,833	56,811	66,574	68,887
25	TOTAL ASSETS AND OTHER DEBITS	8,083,444	$ 7,292,418	$ 6,695,970	$ 6,893,566	$ 5,890,627
	TELEPHONE PLANT					
26	PLANT IN SERVICE	$ 8,550,577	$ 7,922,987	$ 7,724,990	$ 7,300,405	$ 6,583,529
27	PLANT UNDER CONSTRUCTION	3,562	51,936	11,842	6,612	9,553
28	PROPERTY HELD FOR FUTURE USE	-	-	-	-	-
29	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
30	PLANT ADJUSTMENTS	-	-	-	-	-
31	TOTAL TELEPHONE UTILITY PLANT	8,554,139	7,974,923	7,736,832	7,307,017	6,593,082
32	ACCUM PROV FOR DEPR AND AMORT	2,147,583	2,298,538	2,106,240	1,737,538	1,582,004
33	NET TELEPHONE PLANT	6,406,556	5,676,385	5,630,592	5,569,479	5,011,078
	PLANT IN SERVICE					
34	BEGINNING OF YEAR	7,922,987	7,724,990	7,300,404	6,583,529	5,830,549
35	ADDITIONS	1,312,710	514,034	544,124	1,086,059	1,210,281
36	RETIREMENTS	685,121	316,037	119,538	369,183	457,301
37	TRANSFERS AND ADJUSTMENTS	-	-	-	-	-
38	END OF YEAR	$ 8,550,576	$ 7,922,987	$ 7,724,990	$ 7,300,405	$ 6,583,529

DEPOSIT TELEPHONE COMPANY, INC
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 322,250	$ 322,250	$ 322,250	$ 322,250	$ 322,250	1
PREFERRED CAPITAL STOCK	-	-	-	-	150,000	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	3,906,008	3,218,737	2,732,382	2,334,489	2,005,878	9
TOTAL PROPRIETARY CAPITAL	4,228,258	3,540,987	3,054,632	2,656,739	2,478,128	10
BONDS (LESS BONDS REACQUIRED)	1,504,000	1,626,000	1,748,000	1,870,000	1,992,000	11
ADVANCES FROM AFFILIATED COMPANIES	-	-	-	-	-	12
OTHER LONG-TERM DEBT	150,000	150,000	150,000	150,000	-	13
TOTAL LONG-TERM DEBT	1,654,000	1,776,000	1,898,000	2,020,000	1,992,000	14
NOTES & ACCTS PAY TO AFFILIATED CO'S	-	-	-	-	-	15
OTHER NOTES AND ACCOUNTS PAYABLE	314,555	308,944	405,476	1,036,463	324,140	16
CUSTOMERS' DEPOSITS	51,880	51,005	49,690	61,035	48,105	17
ADVANCE BILLING AND PAYMENTS	22,450	18,350	16,655	32,990	30,391	18
TAXES ACCRUED	194,622	190,206	34,926	12,698	111,032	19
OTHER CURRENT AND ACCRUED LIABILITIES	152,447	143,532	75,610	76,806	74,619	20
TOTAL CURRENT AND ACCRUED LIABILITIES	735,953	712,037	582,357	1,219,992	588,287	21
UNAMORTIZED PREMIUM ON DEBT	-	-	-	-	-	22
ACCUM. DEFERRED INVESTMENT TAX CREDITS	405,296	441,073	474,794	458,252	385,901	23
OTHER DEFERRED CREDITS	91,437	5,786	3,733	8,394	8,074	24
TOTAL DEFERRED CREDITS	496,733	446,859	478,527	466,646	393,975	25
OPERATING RESERVES	-	-	-	-	-	26
ACCUM. DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION	958,468	807,656	673,703	525,198	429,141	27
ACCUM. DEFERRED INCOME TAXES - OTHER	10,032	8,879	8,751	4,991	9,096	28
TOTAL LIABILITIES AND OTHER CREDITS	$ 8,083,444	$ 7,292,418	$ 6,695,970	$ 6,893,566	$ 5,890,627	29
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS/CURRENT LIABILITIES	2.14	2.14	1.70	1.02	1.38	30
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	28.1	33.4	38.3	43.1	44.5	31
PREFERRED STOCK	-	-	-	-	3.3	32
COMMON STOCK & OTHER PAID-IN CAPITAL	5.4	6.0	6.5	6.8	7.2	33
RETAINED EARNINGS	66.4	60.5	55.1	49.9	44.8	34
LONG TERM DEBT % OF GROSS UTILITY PLANT	19.3	22.2	24.5	27.6	30.2	35
ACCUM. PROV. FOR DEPR. & AMORT. %OF UTIL. PLT.	25.1	28.8	27.2	23.7	23.9	36

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DEPOSIT TELEPHONE COMPANY, INC
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
				SOURCES OF FUNDS		
	INTERNAL					
1	NET INCOME	$ 858,724	$ 544,435	$ 503,086	$ 430,665	$ 361,256
2	DEPRECIATION AND AMORTIZATION	506,935	485,606	471,257	475,593	434,138
3	DEFERRED INCOME TAXES (NET)	198,133	100,360	168,808	164,303	130,743
4	INTEREST CAPITALIZED	15,190	2,940-	7,564-	9,317-	15,975-
5	OTHER (NET)	-	-	-	-	-
6	SUBTOTAL	1,578,982	1,127,461	1,135,587	1,061,244	910,162
7	EXTRAORDINARY ITEMS	8,190	98,005	5,245	5,552-	31,551
8	TOTAL FUNDS - INTERNAL SOURCES	1,587,172	1,225,466	1,140,832	1,055,692	941,713
9	LESS DIVIDENDS PREFERRED	-	-	-	2,262	9,000
	COMMON	179,645	156,085	110,438	94,240	85,405
11	NET FUNDS - INTERNAL SOURCES	1,407,527	1,069,381	1,030,394	959,190	847,308
	EXTERNAL					
12	LONG TERM DEBT	-	-	-	150,000	1,200,000
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	-	-	-	-	-
17	OTHER (NET)	-	-	-	-	-
18	TOTAL FUNDS - EXTERNAL SOURCES	-	-	-	150,000	1,200,000
	OTHER SOURCES					
19	NET DECREASE IN WORKING CAPITAL	-	-	-	213,718	-
20	OTHER	44,436	40,895	45,327	55,752	35,173
21	TOTAL FUNDS PROVIDED	$ 1,451,963	$ 1,110,276	$ 1,075,721	$ 1,378,660	$ 2,082,481
				USES OF FUNDS		
	CONSTRUCTION EXPENDITURES					
22	TELEPHONE PLANT	$ 1,264,336	$ 554,128	$ 549,354	$ 1,083,118	$ 1,192,413
23	NON-UTILITY PLANT	1,907-	6,316	3,117	8,240	-
24	OTHER	-	-	-	-	-
25	TOTAL CONSTRUCTION	1,262,429	560,444	552,471	1,091,358	1,192,413
26	LESS INTEREST CAPITALIZED	15,190-	2,940	7,564	9,317	15,975
27	TOTAL EXCLUDING INTEREST CAPITALIZED	1,277,619	557,504	544,907	1,082,041	1,176,438
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	122,000	122,000	122,000	122,000	42,000
29	PREFERRED STOCK	-	-	-	150,000	-
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	-	-	13,592	716,408
32	OTHER (NET)	-	-	-	-	-
33	TOTAL RETIREMENT OF SECURITIES	122,000	122,000	122,000	285,592	758,408
	OTHER USES					
34	NET INCREASE IN WORKING CAPITAL	30,162	410,370	385,233	-	95,074
35	OTHER	22,182	20,402	23,581	11,027	52,561
36	TOTAL FUNDS APPLIED	$ 1,451,963	$ 1,110,276	$ 1,075,721	$ 1,378,660	$ 2,082,481

DEPOSIT TELEPHONE COMPANY INC
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
TELEPHONE OPERATING INCOME						
OPERATING REVENUES	$ 3,939,295	$ 3,369,765	$ 3,028,398	$ 2,834,453	$ 2,483,394	1
OPERATION AND MAINTENANCE EXPENSE	1,555,835	1,537,626	1,304,922	1,184,877	1,025,798	2
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	3
DEPRECIATION	463,199	446,859	435,402	445,784	412,366	4
AMORTIZATION	-	-	-	-	-	5
TAXES OTHER THAN INCOME TAXES-OPERATING	338,668	298,962	282,109	298,039	270,096	6
INCOME TAXES-OPERATING	468,384	218,738	157,355	145,000	202,290	7
OPERATING INCOME TAXES DEFERRED	121,438	157,560	150,758	103,699	43,815	8
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	30,527	23,480-	1,508	11,747-	5,902-	9
TOTAL OPERATING EXPENSES	2,978,050	2,636,265	2,332,054	2,165,654	1,948,463	10
TOTAL TELEPHONE OPERATING INCOME	961,245	733,500	696,344	668,799	534,931	11
OTHER INCOME						
DIVIDEND INCOME	158	158	158	158	155	12
INTEREST INCOME	45,211	22,294	13,582	28,177	24,603	13
ALLOWANCE FOR CONSTRUCTION FUNDS	15,190	2,940	7,564	9,317	15,975	14
INCOME FROM SINKING AND OTHER FUNDS	-	-	-	-	-	15
INCOME FROM MISC PHYSICAL PROPERTY	38,135	17,894	4,522	-	-	16
MISCELLANEOUS INCOME	44,561	21,719	6,146	36,818-	9,659	17
TOTAL OTHER INCOME	143,255	65,005	31,972	834	50,392	18
TOTAL INCOME	1,104,500	798,505	728,316	669,633	585,323	19
INCOME DEDUCTIONS						
TAXES OTHER THAN INC TAXES-NONOPERATING	-	-	-	-	-	20
INCOME TAXES-NONOPERATING	50,389	28,050	-	-	-	21
MISCELLANEOUS INCOME CHARGES	2,096	1,085	1,069	680	435	22
TOTAL INCOME DEDUCTIONS	52,485	29,135	1,069	680	435	23
INCOME BEFORE INTEREST CHARGES	1,052,015	769,370	727,247	668,953	584,888	24
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	172,276	186,231	200,186	214,141	179,700	25
AMORT OF DEBT DISCOUNT AND EXPENSE	4,236	4,236	4,236	4,236	3,272	26
AMORT OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	27
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	28
OTHER INTEREST EXPENSE	18,603	34,468	19,739	19,911	40,660	29
TOTAL INTEREST CHARGES	195,115	224,935	224,161	238,288	223,632	30
INCOME BEFORE EXTRAORDINARY/DELAYED ITEMS	856,899	544,435	503,086	430,665	361,256	31
EXTRAORDINARY & DELAYED ITEMS - NET LESS TAX EFFECT	10,016	98,005	5,245	5,552-	31,551	32
NET INCOME	$ 866,916	$ 642,440	$ 508,331	$ 425,113	$ 392,807	33
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 3,218,737	$ 2,732,382	$ 2,334,489	$ 2,005,878	$ 1,707,476	34
TRANSFERRED FROM INCOME	866,916	642,440	508,331	425,113	392,807	35
MISCELLANEOUS CREDITS	-	-	-	-	-	36
MISCELLANEOUS DEBITS	-	-	-	-	-	37
APPROPRIATIONS	-	-	-	-	-	38
DIVIDENDS DECLARED-PREFERRED STOCK	-	-	-	2,262	9,000	39
-COMMON STOCK	179,645	156,085	110,438	94,240	85,405	40
BALANCE END OF YEAR	3,906,008	3,218,737	2,732,382	2,334,489	2,005,878	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 3,906,008	$ 3,218,737	$ 2,732,382	$ 2,334,489	$ 2,005,878	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME-PERCENT OF OPERATING REVENUES	22.0	19.0	16.7	14.9	15.8	44
PRETAX COVERAGE OF INTEREST CHARGES	8.8	5.1	4.6	3.8	3.7	45
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	20.7	24.2	21.7	22.2	22.2	46
RETURN ON COMMON EQUITY	22.3	19.4	17.8	15.9	17.6	47

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DEPOSIT TELEPHONE COMPANY, INC
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	TELEPHONE OPERATING REVENUES					
1	LOCAL REVENUES	$ 1,315,847	$ 1,267,339	$ 1,154,814	$ 1,020,747	$ 1,012,891
2	ACCESS REVENUES	1,245,868	975,493	919,657	-	-
3	TOLL REVENUES	1,025,305	829,030	728,819	1,656,087	1,414,031
4	MISCELLANEOUS REVENUES	370,275	322,103	234,708	167,219	66,072
5	UNCOLLECTIBLE REVENUES-DR	18,000	24,200	9,600	9,600	9,600
6	TOTAL OPERATING REVENUES	$ 3,939,295	$ 3,369,765	$ 3,028,398	$ 2,834,453	$ 2,483,394
7	ACCESS LINES IN SERVICE	[illegible]	6,482	6,221	6,026	5,784
	TELEPHONE OPERATING REVENUE RELATIONSHIPS					
	REVENUE PER AVERAGE ACCESS LINE*					
8	LOCAL REVENUE	$ 406.00	$ 199.53	$ 188.59	$ 172.86	$ 177.36
9	ACCESS REVENUE	384.41	153.58	150.18		
10	TOLL REVENUE	316.35	130.53	119.02	280.46	247.60

*YEAR END AVERAGE

LINE NO	ITEM	1987	1986	1985	1984	1983
	OPERATION AND MAINTENANCE EXPENSES					
11	MAINTENANCE EXPENSES	$ 541,622	$ 563,463	$ 483,420	$ 442,555	$ 379,137
12	DEPRECIATION & AMORTIZATION	463,199	446,859	435,402	445,784	412,366
13	TRAFFIC EXPENSES	91,715	114,064	89,649	116,355	27,733
14	COMMERCIAL EXPENSES	176,014	163,695	142,366	115,615	123,377
15	ACCESS EXPENSES	-	-	-	-	-
16	GENERAL OFFICE SALARIES & EXPENSES	433,053	424,282	373,263	330,265	311,231
17	OTHER OPERATING EXPENSES	313,431	272,122	216,224	180,087	184,320
18	TOTAL O & M EXPENSES	$ 2,019,034	$ 1,984,485	$ 1,740,324	$ 1,630,661	$ 1,438,164

DEPOSIT TELEPHONE COMPANY, INC
DISTRIBUTION OF TELEPHONE REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
REVENUES	$ 3,939,295	$ 3,369,765	$ 3,028,398	$ 2,834,453	$ 2,483,394	1
ACCESS LINES - AVERAGE*	6,574	6,352	6,124	5,905	5,711	2
DOLLAR AMOUNTS						
WAGES AND BENEFITS	$ 892,345	$ 829,983	$ 735,657	$ 643,104	$ 612,859	3
OTHER OPERATION AND MAINTENANCE EXPENSES	663,490	707,643	569,265	541,773	412,939	4
DEPRECIATION AND AMORTIZATION EXPENSES	463,199	446,859	435,402	445,784	412,366	5
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	6
INCOME TAXES - OPERATING	620,349	352,818	309,621	236,952	240,203	7
OTHER TAXES - OPERATING	338,668	298,962	282,109	298,039	270,096	8
INTEREST CHARGES **	192,326	224,147	221,907	235,195	217,785	9
PREFERRED DIVIDENDS**	-	-	-	2,224	8,712	10
EARNINGS AVAILABLE FOR COMMON EQUITY	768,919	509,353	474,437	431,380	308,434	11
TOTAL	$ 3,939,295	$ 3,369,765	$ 3,028,398	$ 2,834,453	$ 2,483,394	12
PERCENT OF REVENUES						
WAGES AND BENEFITS	22 7	24 6	24 3	22 7	24 7	13
OTHER OPERATION AND MAINTENANCE EXPENSES	16 8	21 0	18 8	19 1	16 6	14
DEPRECIATION AND AMORTIZATION EXPENSES	11 8	13 3	14 4	15 7	16 6	15
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	16
INCOME TAXES - OPERATING	15 7	10 5	10 2	8 4	9 7	17
OTHER TAXES - OPERATING	8 6	8 9	9 3	10 5	10 9	18
INTEREST CHARGES**	4 9	6 7	7 3	8 3	8 8	19
PREFERRED DIVIDENDS **	-	-	-	0 1	0 4	20
EARNINGS AVAILABLE FOR COMMON EQUITY	19 5	15 1	15 7	15 2	12 4	21
TOTAL	100 0	100 0	100 0	100 0	100 0	22
DOLLARS PER AVERAGE ACCESS LINE PER MONTH						
WAGES AND BENEFITS	$ 11 31	$ 10 89	$ 10 01	$ 9 08	$ 8 94	23
OTHER OPERATION AND MAINTENANCE EXPENSES	8 41	9 28	7 75	7 65	6 03	24
DEPRECIATION AND AMORTIZATION EXPENSES	5 87	5 86	5 93	6 29	6 02	25
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	26
INCOME TAXES - OPERATING	7 86	4 63	4 21	3 34	3 50	27
OTHER TAXES - OPERATING	4 29	3 92	3 84	4 21	3 94	28
						29
INTEREST CHARGES **	2 44	2 94	3 02	3 32	3 18	
PREFERRED DIVIDENDS **	-	-	-	0 03	0 13	30
EARNINGS AVAILABLE FOR COMMON EQUITY	9 75	6 68	6 46	6 09	4 50	31
TOTAL	$ 49 94	$ 44 21	$ 41 21	$ 40 00	$ 36 24	32

* YEAR END AVERAGE

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DUNKIRK AND FREDONIA TELEPHONE COMPANY
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF TELEPHONE PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	TELEPHONE PLANT	$ 9,606,402	$ 9,574,489	$ 8,531,658	$ 8,254,918	$ 8,247,044
2	ACCUM PROV FOR DEPR & AMORT	2,780,874	2,562,593	2,296,302	2,080,661	1,959,603
3	NET TELEPHONE PLANT	6,825,528	7,011,896	6,235,356	6,174,257	6,287,441
4	INVESTMENTS IN AFFILIATED COMPANIES	323,407	323,407	351,004	351,004	351,004
5	ADVANCES TO AFFILIATED COMPANIES	-	-	-	-	-
6	MISCELLANEOUS PHYSICAL PROPERTY	1,105,648	442,369	171,035	-	-
7	OTHER INVESTMENTS AND FUNDS	-	207,150	207,150	202,150	202,150
8	TOTAL INVESTMENTS AND FUNDS	1,429,055	972,926	729,189	553,154	553,154
9	CASH AND WORKING FUNDS	51,082	65,010	212,100	64,456	22,657
10	SPECIAL CASH DEPOSITS	137,018	31,958	24,711	20,332	16,555
11	TEMPORARY CASH INVESTMENTS	664,747	643,089	959,772	414,181	135,767
12	NOTES & ACCT'S REC -AFFILIATED CO'S	82,939	145,487	146,404	160,320	65,434
13	OTHER NOTES AND ACCOUNTS RECEIVABLE	175,475	364,554	230,129	301,007	28,993
14	DUE - CUST & AGENTS LESS ACCUM PROV - UNCOLLECTIBLE ACCTS	290,386	273,567	287,147	334,762	340,218
15	MATERIALS AND SUPPLIES	165,155	202,770	171,843	141,127	133,808
16	MERCH AND MATERIAL HELD FOR SALE	-	-	8,773	14,474	21,403
17	PREPAYMENTS	84,191	97,737	120,783	105,721	106,962
18	OTHER CURRENT AND ACCRUED ASSETS	10,342	4,462	2,548	-	-
19	TOTAL CURRENT AND ACCRUED ASSETS	1,671,335	1,828,634	2,164,210	1,556,380	871,797
20	UNAMORTIZED DEBT DISCOUNT AND EXPENSE	12,333	12,784	13,235	13,686	14,138
21	EXTRAORDINARY MAINTENANCE & RETIREMENTS	-	-	-	-	-
22	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
23	OTHER DEFERRED DEBITS	803-	20,326	21,990	6,651	3,374
24	TOTAL DEFERRED DEBITS	11,530	33,110	35,225	20,337	17,512
25	TOTAL ASSETS AND OTHER DEBITS	9,937,448	$ 9,846,566	$ 9,163,980	$ 8,304,128	$ 7,729,904
	TELEPHONE PLANT					
26	PLANT IN SERVICE	$ 9,517,001	$ 9,011,418	$ 8,335,556	$ 8,162,240	$ 8,103,456
27	PLANT UNDER CONSTRUCTION	89,401	563,071	196,102	92,678	143,588
28	PROPERTY HELD FOR FUTURE USE	-	-	-	-	-
29	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
30	PLANT ADJUSTMENTS	-	-	-	-	-
31	TOTAL TELEPHONE UTILITY PLANT	9,606,402	9,574,489	8,531,658	8,254,918	8,247,044
32	ACCUM PROV FOR DEPR AND AMORT	2,780,874	2,562,593	2,296,302	2,080,661	1,959,603
33	NET TELEPHONE PLANT	6,825,528	7,011,896	6,235,356	6,174,257	6,287,441
	PLANT IN SERVICE					
34	BEGINNING OF YEAR	9,011,418	8,335,556	8,162,240	8,103,456	7,973,367
35	ADDITIONS	972,079	918,751	545,559	422,869	225,959
36	RETIREMENTS	492,544	242,889	215,313	364,085	95,870
37	TRANSFERS AND ADJUSTMENTS	26,048	-	156,930-	-	-
38	END OF YEAR	$ 9,517,001	$ 9,011,418	$ 8,335,556	$ 8,162,240	$ 8,103,456

DUNKIRK AND FREDONIA TELEPHONE COMPANY
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 619.975	$ 619.975	$ 619.975	$ 619.975	$ 619.975	1
PREFERRED CAPITAL STOCK	-	-	425.000	425.000	425.000	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	2.887,661	2.799,246	2,511,015	1,895,525	1,655,153	9
TOTAL PROPRIETARY CAPITAL	3,507,636	3,419,221	3,555,990	2,940,501	2,700,128	10
BONDS (LESS BONDS REACQUIRED)	3,882,051	3,928,169	3,566,098	3,605,314	3,641,961	11
ADVANCES FROM AFFILIATED COMPANIES	-	-	-	-	-	12
OTHER LONG-TERM DEBT	-	-	-	-	-	13
TOTAL LONG-TERM DEBT	3,882,051	3,928,169	3,566,098	3,605,314	3,641,961	14
NOTES & ACCTS PAY TO AFFILIATED CO'S	-	-	-	-	-	15
OTHER NOTES AND ACCOUNTS PAYABLE	352,596	307,176	246,806	308,734	265,834	16
CUSTOMERS' DEPOSITS	66,510	59,689	57,930	84,758	94,203	17
ADVANCE BILLING AND PAYMENTS	-	-	-	-	-	18
TAXES ACCRUED	28,568-	26,758	80,499	94,846	68,178	19
OTHER CURRENT AND ACCRUED LIABILITIES	43,018	54,085	52,237	49,938	45,756	20
TOTAL CURRENT AND ACCRUED LIABILITIES	433,556	447,708	437,472	538,276	473,971	21
UNAMORTIZED PREMIUM ON DEBT	-	-	-	-	-	22
ACCUM DEFERRED INVESTMENT TAX CREDITS	383,916	403,942	255,809	132,252	101,159	23
OTHER DEFERRED CREDITS	33,896	10,190	11,674	-	-	24
TOTAL DEFERRED CREDITS	417,812	414,132	267,483	132,252	101,159	25
OPERATING RESERVES	-	20,855	23,172	-	-	26
ACCUM DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION	1,683,501	1,604,624	1,302,594	1,075,674	797,940	27
ACCUM DEFERRED INCOME TAXES - OTHER	12,892	11,857	11,171	12,110	14,745	28
TOTAL LIABILITIES AND OTHER CREDITS	$ 9,937,448	$ 9,846,566	$ 9,163,980	$ 8,304,127	$ 7,729,904	29
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS/CURRENT LIABILITIES	3 85	4 08	4.95	2 89	1 84	30
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	52 5	53 4	50 0	55 0	57 4	31
PREFERRED STOCK	-	-	5 9	6 4	6 7	32
COMMON STOCK & OTHER PAID-IN CAPITAL	8 3	8 4	8 7	9 4	9 7	33
RETAINED EARNINGS	39 0	38 0	35 2	28 9	26 0	34
LONG TERM DEBT % OF GROSS UTILITY PLANT	40 4	41 0	41 7	43 6	44 1	35
ACCUM PROV FOR DEPR & AMORT %OF UTIL PLT	28 9	26 7	26 9	25 2	23 7	36

DUNKIRK AND FREDONIA TELEPHONE COMPANY
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL					
1	NET INCOME	$ 290,653	$ 645,375	$ 819,110	$ 373,596	$ 173,344
2	DEPRECIATION AND AMORTIZATION	468,038	443,318	421,335	424,541	428,709
3	DEFERRED INCOME TAXES (NET)	62,737	447,048	384,384	306,192	315,191
4	INTEREST CAPITALIZED	-	-	-	-	-
5	OTHER (NET)	53,510	23,090	-	-	-
6	SUBTOTAL	874,938	1,558,831	1,624,829	1,104,329	917,244
7	EXTRAORDINARY ITEMS	32,422	108,302-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	907,360	1,450,529	1,624,829	1,104,329	917,244
9	LESS DIVIDENDS PREFERRED	-	14,182	27,626	27,626	27,626
	COMMON	234,660	234,660	175,995	105,597	82,131
11	NET FUNDS - INTERNAL SOURCES	672,700	1,201,687	1,421,208	971,106	807,487
	EXTERNAL					
12	LONG TERM DEBT	-	405,300	-	-	119,386
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	-	-	-	64,305	165,000
17	OTHER (NET)	13,603	82,867	53,065	-	-
18	TOTAL FUNDS - EXTERNAL SOURCES	13,603	488,167	53,065	64,305	284,386
	OTHER SOURCES					
19	NET DECREASE IN WORKING CAPITAL	164,725	347,928	-	-	-
20	OTHER	-	-	-	60,603	7,750
21	TOTAL FUNDS PROVIDED	$ 851,028	$ 2,037,782	$ 1,474,273	$ 1,096,014	$ 1,099,623
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
22	TELEPHONE PLANT	$ 498,409	$ 1,285,719	$ 648,984	$ 371,959	$ 354,122
23	NON-UTILITY PLANT	289,502	283,834	-	-	-
24	OTHER	-	-	-	-	-
25	TOTAL CONSTRUCTION	787,911	1,569,553	648,984	371,959	354,122
26	LESS INTEREST CAPITALIZED	-	-	-	-	-
27	TOTAL EXCLUDING INTEREST CAPITALIZED	787,911	1,569,553	648,984	371,959	354,122
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	46,117	43,229	39,217	36,647	34,445
29	PREFERRED STOCK	-	425,000	-	-	-
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	-	1,000	-	-
32	OTHER (NET)	-	-	-	-	[illegible]
33	TOTAL RETIREMENT OF SECURITIES	46,117	468,229	40,217	36,647	34,445
	OTHER USES					
34	NET INCREASE IN WORKING CAPITAL	-	-	785,072	687,408	711,056
35	OTHER	17,000	-	-	-	-
36	TOTAL FUNDS APPLIED	$ 851,028	$ 2,037,782	$ 1,474,273	$ 1,096,014	$ 1,099,623

DUNKIRK AND FREDONIA TELEPHONE COMPANY
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
TELEPHONE OPERATING INCOME						
OPERATING REVENUES	$ 3,840,643	$ 4,002,454	$ 4,147,358	$ 3,652,426	$ 3,163,929	1
OPERATION AND MAINTENANCE EXPENSE	2,304,349	2,066,918	1,971,955	1,929,698	1,666,587	2
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	3
DEPRECIATION	394,831	385,625	374,628	384,926	389,615	4
AMORTIZATION	-	-	-	-	-	5
TAXES OTHER THAN INCOME TAXES-OPERATING	412,141	400,451	420,944	406,283	366,170	6
INCOME TAXES-OPERATING	156,295	160,277	135,710	37,832	43,455	7
OPERATING INCOME TAXES DEFERRED	66,999	314,407	257,587	282,366	268,227	8
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	48,140-	11,691-	8,907-	7,267-	8,145-	9
TOTAL OPERATING EXPENSES	3,286,475	3,315,987	3,151,917	3,033,838	2,725,909	10
TOTAL TELEPHONE OPERATING INCOME	554,168	686,467	995,441	618,588	438,020	11
OTHER INCOME						
DIVIDEND INCOME	12,570	30,750	26,205	23,478	14,094	12
INTEREST INCOME	52,133	48,898	52,326	16,852	4,894	13
ALLOWANCE FOR CONSTRUCTION FUNDS	-	-	-	-	-	14
INCOME FROM SINKING AND OTHER FUNDS	-	-	-	-	-	15
INCOME FROM MISC PHYSICAL PROPERTY	-	-	-	-	-	16
MISCELLANEOUS INCOME	60,084-	161,659	3,349	25,042-	4,904-	17
TOTAL OTHER INCOME	4,619	241,307	81,880	15,288	14,084	18
TOTAL INCOME	558,787	927,774	1,077,321	633,876	452,104	19
INCOME DEDUCTIONS						
TAXES OTHER THAN INC TAXES-NONOPERATING	-	-	-	-	-	20
INCOME TAXES-NONOPERATING	15,487-	-	-	-	-	21
MISCELLANEOUS INCOME CHARGES	16,140	19,770	12,826	5,219	5,680	22
TOTAL INCOME DEDUCTIONS	653	19,770	12,826	5,219	5,680	23
INCOME BEFORE INTEREST CHARGES	558,134	908,004	1,064,495	628,657	446,424	24
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	259,574	246,670	233,831	235,465	235,545	25
AMORT OF DEBT DISCOUNT AND EXPENSE	451	451	451	451	451	26
AMORT OF PREMIUM ON DEBT-CREDIT	-	43	74	-	-	27
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	28
OTHER INTEREST EXPENSE	7,456	15,465	11,029	19,145	37,084	29
TOTAL INTEREST CHARGES	267,481	262,629	245,385	255,061	273,080	30
INCOME BEFORE EXTRAORDINARY/DELAYED ITEMS	290,653	645,375	819,110	373,596	173,344	31
EXTRAORDINARY & DELAYED ITEMS - NET LESS TAX EFFECT	32,422	108,302-	-	-	-	32
NET INCOME	$ 323,075	$ 537,073	$ 819,110	$ 373,596	$ 173,344	33
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 2,799,246	$ 2,511,015	$ 1,895,526	$ 1,655,153	$ 1,591,566	34
TRANSFERRED FROM INCOME	323,075	537,073	819,110	373,596	173,344	35
MISCELLANEOUS CREDITS	-	-	-	-	-	36
MISCELLANEOUS DEBITS	-	-	-	-	-	37
APPROPRIATIONS	-	-	-	-	-	38
DIVIDENDS DECLARED-PREFERRED STOCK	-	14,182	27,626	27,626	27,626	39
-COMMON STOCK	234,660	234,660	175,995	105,597	82,131	40
BALANCE END OF YEAR	2,887,661	2,799,246	2,511,015	1,895,526	1,655,153	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 2,887,661	$ 2,799,246	$ 2,511,015	$ 1,895,526	$ 1,655,153	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME-PERCENT OF OPERATING REVENUES	8.4	13.4	19.7	10.2	5.4	44
PRETAX COVERAGE OF INTEREST CHARGES	2.7	5.2	5.8	3.7	2.7	45
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	72.6	44.8	22.2	30.5	56.3	46
RETURN ON COMMON EQUITY	9.3	15.9	28.0	14.4	6.4	47

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DUNKIRK AND FREDONIA TELEPHONE COMPANY
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	TELEPHONE OPERATING REVENUES					
1	LOCAL REVENUES	$ 1,401,934	$ 1,475,100	$ 1,569,598	$ 1,496,511	$ 1,354,283
2	ACCESS REVENUES	1,015,682	1,373,421	1,265,435	-	-
3	TOLL REVENUES	870,970	806,548	862,471	1,812,113	1,696,562
4	MISCELLANEOUS REVENUES	582,421	379,180	474,752	358,677	146,344
5	UNCOLLECTIBLE REVENUES-DR	30,364	31,795	24,898	14,875	33,260
6	TOTAL OPERATING REVENUES	$ 3,840,643	$ 4,002,454	$ 4,147,358	$ 3,652,426	$ 3,163,929
7	ACCESS LINES IN SERVICE	7,958	7,820	7,601	7,654	7,549
	TELEPHONE OPERATING REVENUE RELATIONSHIPS					
	REVENUE PER AVERAGE ACCESS LINE*					
8	LOCAL REVENUE	$ 177.71	$ 191.31	$ 205.78	$ 196.87	$ 179.29
9	ACCESS REVENUE	128.75	178.12	165.90		
10	TOLL REVENUE	110.40	104.60	113.07	238.39	224.61

*YEAR END AVERAGE

LINE NO	ITEM	1987	1986	1985	1984	1983
	OPERATION AND MAINTENANCE EXPENSES					
11	MAINTENANCE EXPENSES	$ 655,538	$ 597,204	$ 592,221	$ 575,050	$ 598,163
12	DEPRECIATION & AMORTIZATION	394,831	385,625	374,628	384,926	389,615
13	TRAFFIC EXPENSES	105,175	115,496	96,843	137,933	32,103
14	COMMERCIAL EXPENSES	301,288	263,264	317,191	333,119	246,388
15	ACCESS EXPENSES	-	-	-	-	-
16	GENERAL OFFICE SALARIES & EXPENSES	784,166	718,440	669,599	591,186	537,917
17	OTHER OPERATING EXPENSES	458,182	372,514	296,101	292,410	252,016
18	TOTAL O & M EXPENSES	$ 2,699,180	$ 2,452,543	$ 2,346,583	$ 2,314,624	$ 2,056,202

DUNKIRK AND FREDONIA TELEPHONE COMPANY
DISTRIBUTION OF TELEPHONE REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM		1987		1986		1985		1984		1983	LINE NO
REVENUES	$	3,840,643	$	4,002,454	$	4,147,358	$	3,652,426	$	3,163,929	1
ACCESS LINES - AVERAGE*		7,889		7,711		7,628		7,602		7,554	2
						DOLLAR AMOUNTS					
WAGES AND BENEFITS	$	1,529,478	$	1,334,058	$	1,255,937	$	1,092,584	$	1,052,805	3
OTHER OPERATION AND MAINTENANCE EXPENSES		774,871		732,860		716,018		837,114		613,782	4
DEPRECIATION AND AMORTIZATION EXPENSES		394,831		385,625		374,628		384,926		389,615	5
EXTRAORDINARY RETIREMENTS		-		-		-		-		-	6
INCOME TAXES - OPERATING		175,154		462,993		384,390		312,931		303,537	7
OTHER TAXES - OPERATING		412,141		400,451		420,944		406,283		366,170	8
INTEREST CHARGES **		267,481		262,629		245,385		255,061		273,080	9
PREFERRED DIVIDENDS**		-		14,182		27,626		27,626		27,626	10
EARNINGS AVAILABLE FOR COMMON EQUITY		286,687		409,656		722,430		335,901		137,314	11
TOTAL	$	3,840,643	$	4,002,454	$	4,147,358	$	3,652,426	$	3,163,929	12
						PERCENT OF REVENUES					
WAGES AND BENEFITS		39.8		33.3		30.3		29.9		33.3	13
OTHER OPERATION AND MAINTENANCE EXPENSES		20.2		18.3		17.3		22.9		19.4	14
DEPRECIATION AND AMORTIZATION EXPENSES		10.3		9.6		9.0		10.5		12.3	15
EXTRAORDINARY RETIREMENTS		-		-		-		-		-	16
INCOME TAXES - OPERATING		4.6		11.6		9.3		8.6		9.6	17
OTHER TAXES - OPERATING		10.7		10.0		10.1		11.1		11.6	18
INTEREST CHARGES**		7.0		6.6		5.9		7.0		8.6	19
PREFERRED DIVIDENDS **		-		0.4		0.7		0.8		0.9	20
EARNINGS AVAILABLE FOR COMMON EQUITY		7.5		10.2		17.4		9.2		4.3	21
TOTAL		100.0		100.0		100.0		100.0		100.0	22
						DOLLARS PER AVERAGE ACCESS LINE PER MONTH					
WAGES AND BENEFITS		$ 16.16		$ 14.42		$ 13.72		$ 11.98		$ 11.61	23
OTHER OPERATION AND MAINTENANCE EXPENSES		8.19		7.92		7.82		9.18		6.77	24
DEPRECIATION AND AMORTIZATION EXPENSES		4.17		4.17		4.09		4.22		4.30	25
EXTRAORDINARY RETIREMENTS		-		-		-		-		-	26
INCOME TAXES - OPERATING		1.85		5.00		4.20		3.43		3.35	27
OTHER TAXES - OPERATING		4.35		4.33		4.60		4.45		4.04	28
INTEREST CHARGES **		2.83		2.84		2.68		2.80		3.01	29
PREFERRED DIVIDENDS **		-		0.15		0.30		0.30		0.30	30
EARNINGS AVAILABLE FOR COMMON EQUITY		3.03		4.43		7.89		3.68		1.51	31
TOTAL		$ 40.57		$ 43.26		$ 45.31		$ 40.04		$ 34.91	32

* YEAR END AVERAGE

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EDWARDS TELEPHONE COMPANY, INC.
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF TELEPHONE PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	TELEPHONE PLANT	$ 3,706,897	$ 3,241,092	$ 3,004,762	$ 2,821,201	$ 2,733,131
2	ACCUM. PROV. FOR DEPR. & AMORT.	1,390,966	1,193,668	962,977	784,715	634,154
3	NET TELEPHONE PLANT	2,315,931	2,047,424	2,041,785	2,036,486	2,098,977
4	INVESTMENTS IN AFFILIATED COMPANIES	-	-	-	-	-
5	ADVANCES TO AFFILIATED COMPANIES	3,674	3,674	-	-	-
6	MISCELLANEOUS PHYSICAL PROPERTY	-	-	-	-	-
7	OTHER INVESTMENTS AND FUNDS	3,777	872	3,674	3,664	3,674
8	TOTAL INVESTMENTS AND FUNDS	7,451	4,546	3,674	3,664	3,674
9	CASH AND WORKING FUNDS	54,429	76,826	67,070	24,487	37,037
10	SPECIAL CASH DEPOSITS	-	-	-	-	-
11	TEMPORARY CASH INVESTMENTS	660,616	630,000	585,000	369,457	292,114
12	NOTES & ACCT'S REC.-AFFILIATED CO'S	-	-	-	41,302	-
13	OTHER NOTES AND ACCOUNTS RECEIVABLE	83,413	109,897	86,824	92,082	47,636
14	DUE - CUST. & AGENTS LESS ACCUM. PROV. - UNCOLLECTIBLE ACCT'S	42,283	36,903	30,690	34,916	27,083
15	MATERIALS AND SUPPLIES	29,753	29,672	25,330	27,055	27,290
16	MERCH. AND MATERIAL HELD FOR SALE	2,603	3,038	2,171	3,870	1,304
17	PREPAYMENTS	21,535	28,013	25,341	22,839	23,396
18	OTHER CURRENT AND ACCRUED ASSETS	11,947	7,913	7,779	3,462	2,065
19	TOTAL CURRENT AND ACCRUED ASSETS	908,579	922,262	830,205	619,470	457,925
20	UNAMORTIZED DEBT DISCOUNT AND EXPENSE	3,501	3,647	3,792	3,938	4,084
21	EXTRAORDINARY MAINTENANCE & RETIREMENTS	-	-	-	-	-
22	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
23	OTHER DEFERRED DEBITS	-	-	-	-	-
24	TOTAL DEFERRED DEBITS	3,501	3,647	3,792	3,938	4,084
25	TOTAL ASSETS AND OTHER DEBITS	3,235,462	$ 2,977,879	$ 2,879,456	$ 2,663,558	$ 2,564,660
	TELEPHONE PLANT					
26	PLANT IN SERVICE	$ 3,249,416	$ 3,190,454	$ 2,925,285	$ 2,804,971	$ 2,718,362
27	PLANT UNDER CONSTRUCTION	457,481	50,287	78,214	14,055	11,682
28	PROPERTY HELD FOR FUTURE USE	-	-	-	-	-
29	PLANT ACQUISITION ADJUSTMENTS	-	351	1,263	2,175	3,087
30	PLANT ADJUSTMENTS	-	-	-	-	-
31	TOTAL TELEPHONE UTILITY PLANT	3,706,897	3,241,092	3,004,762	2,821,201	2,733,131
32	ACCUM. PROV. FOR DEPR. AND AMORT.	1,390,966	1,193,668	962,977	784,715	634,154
33	NET TELEPHONE PLANT	2,315,931	2,047,424	2,041,785	2,036,486	2,098,977
	PLANT IN SERVICE					
34	BEGINNING OF YEAR	3,190,454	2,925,285	2,804,972	2,718,362	2,569,179
35	ADDITIONS	104,887	277,001	127,553	110,580	169,087
36	RETIREMENTS	45,925	11,832	7,240	23,970	19,904
37	TRANSFERS AND ADJUSTMENTS	-	-	-	-	-
38	END OF YEAR	$ 3,249,417	$ 3,190,454	$ 2,925,285	$ 2,804,972	$ 2,718,362

EDWARDS TELEPHONE COMPANY, INC.
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 67,600	$ 67,600	$ 67,600	$ 67,600	$ 67,600	1
PREFERRED CAPITAL STOCK	17,000	17,000	18,000	20,000	20,000	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	-	1,660-	1,660-	1,660-	1,660-	8
RETAINED EARNINGS	1,185,888	982,577	827,410	624,014	549,632	9
TOTAL PROPRIETARY CAPITAL	1,270,488	1,065,517	911,350	709,954	635,572	10
BONDS(LESS BONDS REACQUIRED)	-	-	-	-	-	11
ADVANCES FROM AFFILIATED COMPANIES	-	-	-	-	-	12
OTHER LONG-TERM DEBT	1,543,209	1,576,304	1,607,800	1,637,717	1,666,080	13
TOTAL LONG-TERM DEBT	1,543,209	1,576,304	1,607,800	1,637,717	1,666,080	14
NOTES & ACCTS PAY TO AFFILIATED CO'S	34,354	45,564	19,394	36,588	23,443	15
OTHER NOTES AND ACCOUNTS PAYABLE	149,078	36,006	97,073	32,770	34,922	16
CUSTOMERS' DEPOSITS	2,837	2,540	3,224	8,132	6,980	17
ADVANCE BILLING AND PAYMENTS	114	243	708	708	804	18
TAXES ACCRUED	64,724	50,230	20,106	18,714	28,012	19
OTHER CURRENT AND ACCRUED LIABILITIES	16,841	19,351	18,372	16,815	16,802	20
TOTAL CURRENT AND ACCRUED LIABILITIES	267,948	154,934	158,877	113,727	110,963	21
UNAMORTIZED PREMIUM ON DEBT	-	-	-	-	-	22
ACCUM. DEFERRED INVESTMENT TAX CREDITS	104,155	135,093	153,025	161,952	122,557	23
OTHER DEFERRED CREDITS	-	-	-	-	-	24
TOTAL DEFERRED CREDITS	104,155	135,093	153,025	161,952	122,557	25
OPERATING RESERVES	5,160	-	-	-	-	26
ACCUM. DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION	44,502	46,031	48,404	40,208	29,488	27
ACCUM. DEFERRED INCOME TAXES - OTHER	-	-	-	-	-	28
TOTAL LIABILITIES AND OTHER CREDITS	$ 3,235,462	$ 2,977,879	$ 2,879,456	$ 2,663,558	$ 2,564,660	29
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS/CURRENT LIABILITIES	3.39	5.95	5.23	5.45	4.13	30
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	54.8	59.6	63.8	69.7	72.3	31
PREFERRED STOCK	0.6	0.6	0.7	0.8	0.8	32
COMMON STOCK & OTHER PAID-IN CAPITAL	2.4	2.4	2.6	2.8	2.8	33
RETAINED EARNINGS	42.1	37.1	32.8	26.5	23.8	34
LONG TERM DEBT % OF GROSS UTILITY PLANT	41.6	48.5	53.5	58.0	60.9	35
ACCUM. PROV. FOR DEPR & AMORT. %OF UTIL. PLT	37.5	36.8	32.0	27.8	23.2	36

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EDWARDS TELEPHONE COMPANY, INC
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL					
1	NET INCOME	$ 204,160	$ 156,067	$ 204,396	$ 75,382	$ 109,593
2	DEPRECIATION AND AMORTIZATION	237,164	229,547	184,076	178,843	177,215
3	DEFERRED INCOME TAXES (NET)	32,468-	20,305-	730-	50,116	12,159
4	INTEREST CAPITALIZED	-	-	-	-	-
5	OTHER (NET)	351	912	912	912	912
6	SUBTOTAL	409,207	366,221	388,654	305,253	299,879
7	EXTRAORDINARY ITEMS	-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	409,207	366,221	388,654	305,253	299,879
9	LESS DIVIDENDS PREFERRED	850	900	1,000	1,000	1,000
	COMMON	-	-	-	-	-
11	NET FUNDS - INTERNAL SOURCES	408,357	365,321	387,654	304,253	298,879
	EXTERNAL					
12	LONG TERM DEBT	-	-	-	-	9,210
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	-	-	-	-	-
17	OTHER (NET)	-	-	-	-	-
18	TOTAL FUNDS - EXTERNAL SOURCES	-	-	-	-	9,210
	OTHER SOURCES					
19	NET DECREASE IN WORKING CAPITAL	126,698	-	-	-	-
20	OTHER	13,634	-	-	12,614	17,305
21	TOTAL FUNDS PROVIDED	$ 548,689	$ 365,321	$ 387,654	$ 316,867	$ 325,394
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
22	TELEPHONE PLANT	$ 515,594	$ 249,309	$ 190,800	$ 112,953	$ 160,839
23	NON-UTILITY PLANT	-	-	-	-	-
24	OTHER	-	-	-	-	-
25	TOTAL CONSTRUCTION	515,594	249,309	190,800	112,953	160,839
26	LESS INTEREST CAPITALIZED	-	-	-	-	-
27	TOTAL EXCLUDING INTEREST CAPITALIZED	515,594	249,309	190,800	112,953	160,839
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	33,095	31,496	29,917	28,363	27,830
29	PREFERRED STOCK	-	-	-	-	-
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	-	-	-	-
32	OTHER (NET)	-	-	-	-	-
33	TOTAL RETIREMENT OF SECURITIES	33,095	31,496	29,917	28,363	27,830
	OTHER USES					
34	NET INCREASE IN WORKING CAPITAL	-	96,002	165,584	162,401	136,725
35	OTHER	-	11,486-	1,353	13,150	-
36	TOTAL FUNDS APPLIED	$ 548,689	$ 365,321	$ 387,654	$ 316,867	$ 325,394

EDWARDS TELEPHONE COMPANY, INC.
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
TELEPHONE OPERATING INCOME						
OPERATING REVENUES	$ 1,135,727	$ 1,055,089	$ 1,076,116	$ 784,307	$ 801,675	1
OPERATION AND MAINTENANCE EXPENSE	455,523	420,336	395,868	336,329	297,867	2
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	3
DEPRECIATION	237,164	229,547	184,076	178,843	167,894	4
AMORTIZATION	-	-	-	-	-	5
TAXES OTHER THAN INCOME TAXES-OPERATING	118,981	110,608	107,688	96,031	91,062	6
INCOME TAXES-OPERATING	96,844	99,062	132,306	38,836	62,240	7
OPERATING INCOME TAXES DEFERRED	1,529-	2,372-	8,196	10,720	12,159	8
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	-	-	-	-	-	9
TOTAL OPERATING EXPENSES	906,983	857,181	828,134	660,759	631,222	10
TOTAL TELEPHONE OPERATING INCOME	228,744	197,908	247,982	123,548	170,453	11
OTHER INCOME						
DIVIDEND INCOME	205	199	192	274	70	12
INTEREST INCOME	47,463	41,610	41,072	30,611	18,039	13
ALLOWANCE FOR CONSTRUCTION FUNDS	-	-	-	-	-	14
INCOME FROM SINKING AND OTHER FUNDS	-	-	-	-	-	15
INCOME FROM MISC PHYSICAL PROPERTY	-	152-	-	-	-	16
MISCELLANEOUS INCOME	45,923	21,617	22,264	26,053	13,354	17
TOTAL OTHER INCOME	93,591	63,274	63,528	56,938	31,463	18
TOTAL INCOME	322,335	261,182	311,510	180,486	201,916	19
INCOME DEDUCTIONS						
TAXES OTHER THAN INC TAXES-NONOPERATING	25,384	18,173	-	15,257	3,904	20
INCOME TAXES-NONOPERATING	4,810	-	17,289	-	983	21
MISCELLANEOUS INCOME CHARGES	11,150	5,558	8,046	6,481	2,821	22
TOTAL INCOME DEDUCTIONS	41,344	23,731	25,335	21,738	7,708	23
INCOME BEFORE INTEREST CHARGES	280,991	237,451	286,175	158,748	194,208	24
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	76,501	81,111	81,031	82,455	83,683	25
AMORT OF DEBT DISCOUNT AND EXPENSE	146	146	146	-	146	26
AMORT OF PREMIUM ON DEBT-CREDIT	-	-	-	146	-	27
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	28
OTHER INTEREST EXPENSE	183	127	602	765	786	29
TOTAL INTEREST CHARGES	76,830	81,384	81,779	83,366	84,615	30
INCOME BEFORE EXTRAORDINARY/DELAYED ITEMS	204,161	156,067	204,396	75,382	109,593	31
EXTRAORDINARY & DELAYED ITEMS - NET LESS TAX EFFECT	-	-	-	-	-	32
NET INCOME	$ 204,161	$ 156,067	$ 204,396	$ 75,382	$ 109,593	33
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 982,577	$ 827,410	$ 624,014	$ 549,632	$ 441,039	34
TRANSFERRED FROM INCOME	204,161	156,067	204,396	75,382	109,593	35
MISCELLANEOUS CREDITS	-	-	-	-	-	36
MISCELLANEOUS DEBITS	-	-	-	-	-	37
APPROPRIATIONS	-	-	-	-	-	38
DIVIDENDS DECLARED-PREFERRED STOCK	850	900	1,000	1,000	1,000	39
-COMMON STOCK	-	-	-	-	-	40
BALANCE END OF YEAR	1,185,888	982,577	827,410	624,014	549,632	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 1,185,888	$ 982,577	$ 827,410	$ 624,014	$ 549,632	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME-PERCENT OF OPERATING REVENUES	17 9	14 7	18 9	9 6	13 6	44
PRETAX COVERAGE OF INTEREST CHARGES	4 6	3 9	5 2	2 3	3 0	45
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	-	-	-	-	-	46
RETURN ON COMMON EQUITY	17 6	15 9	25 6	11 3	19 3	47

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EDWARDS TELEPHONE COMPANY, INC
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM		1987	1986	1985	1984	1983
			TELEPHONE OPERATING REVENUES				
1	LOCAL REVENUES	$ –	268.808 $	258.462 $	244.495 $	233.365 $	219.856
2	ACCESS REVENUES		272.621	220.475	180.300	-	-
3	TOLL REVENUES		575.944	547.789	633.601	549.306	579.616
4	MISCELLANEOUS REVENUES		25.644	30.071	19.462	4.146	5.746
5	UNCOLLECTIBLE REVENUES-DR		7.290	1.708	1.742	2.510	3.543
6	TOTAL OPERATING REVENUES	$	1.135.727 $	1.055.089 $	1.076.116 $	784.307 $	801.675
7	ACCESS LINES IN SERVICE		1,609	1,580	1,521	1,469	1,424
			TELEPHONE OPERATING REVENUE RELATIONSHIPS				
	REVENUE PER AVERAGE ACCESS LINE*						
8	LOCAL REVENUE		$ 168 58	$ 166 70	$ 163 54	$ 161 33	$ 155 60
9	ACCESS REVENUE		170 98	142 20	120 60		
10	TOLL REVENUE		361 21	353 30	423 81	379 75	410 20

*YEAR END AVERAGE

LINE NO	ITEM		1987	1986	1985	1984	1983
			OPERATION AND MAINTENANCE EXPENSES				
11	MAINTENANCE EXPENSES	$	134.591 $	125.496 $	119.407 $	109.270 $	100.394
12	DEPRECIATION & AMORTIZATION		237.164	229.547	184.076	178.843	167.894
13	TRAFFIC EXPENSES		30.994	22.249	41.429	15.668	9.669
14	COMMERCIAL EXPENSES		64.597	59.245	57.259	50.318	54.060
15	ACCESS EXPENSES		-	-	-	-	-
16	GENERAL OFFICE SALARIES & EXPENSES		147.462	151.606	127.076	109.270	85.649
17	OTHER OPERATING EXPENSES		77.880	61.740	50.697	51.803	48.095
18	TOTAL O & M EXPENSES	$	692.688 $	649.883 $	579.944 $	515.172 $	465.761

EDWARDS TELEPHONE COMPANY, INC.
DISTRIBUTION OF TELEPHONE REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM		1987		1986		1985		1984		1983	LINE NO
REVENUES —	$	1,135,727	$	1,055,089	$	1,076,116	$	784,307	$	801,675	1
ACCESS LINES - AVERAGE*		1,595		1,551		1,495		1,447		1,413	2
DOLLAR AMOUNTS											
WAGES AND BENEFITS	$	112,207	$	93,826	$	92,414	$	82,454	$	78,044	3
OTHER OPERATION AND MAINTENANCE EXPENSES		343,317		326,510		303,454		253,875		219,823	4
DEPRECIATION AND AMORTIZATION EXPENSES		237,164		229,547		184,076		178,843		167,894	5
EXTRAORDINARY RETIREMENTS		-		-		-		-		-	6
INCOME TAXES - OPERATING		95,315		96,690		140,502		49,556		74,399	7
OTHER TAXES - OPERATING		118,981		110,608		107,688		96,031		91,062	8
INTEREST CHARGES **		76,830		81,384		81,779		83,366		84,615	9
PREFERRED DIVIDENDS**		850		900		1,000		1,000		1,000	10
EARNINGS AVAILABLE FOR COMMON EQUITY		151,064		115,624		165,203		39,182		84,838	11
TOTAL	$	1,135,727	$	1,055,089	$	1,076,116	$	784,307	$	801,675	12
PERCENT OF REVENUES											
WAGES AND BENEFITS		9.9		8.9		8.6		10.5		9.7	13
OTHER OPERATION AND MAINTENANCE EXPENSES		30.2		30.9		28.2		32.4		27.4	14
DEPRECIATION AND AMORTIZATION EXPENSES		20.9		21.8		17.1		22.8		20.9	15
EXTRAORDINARY RETIREMENTS		-		-		-		-		-	16
INCOME TAXES - OPERATING		8.4		9.2		13.1		6.3		9.3	17
OTHER TAXES - OPERATING		10.5		10.5		10.0		12.2		11.4	18
INTEREST CHARGES**		6.8		7.7		7.6		10.6		10.6	19
PREFERRED DIVIDENDS **		0.1		0.1		0.1		0.1		0.1	20
EARNINGS AVAILABLE FOR COMMON EQUITY		13.3		11.0		15.4		5.0		10.6	21
TOTAL		100.0		100.0		100.0		100.0		100.0	22
DOLLARS PER AVERAGE ACCESS LINE PER MONTH											
WAGES AND BENEFITS	$	5.86	$	5.04	$	5.15	$	4.75	$	4.60	23
OTHER OPERATION AND MAINTENANCE EXPENSES		17.94		17.55		16.91		14.63		12.96	24
DEPRECIATION AND AMORTIZATION EXPENSES		12.39		12.34		10.26		10.30		9.90	25
EXTRAORDINARY RETIREMENTS		-		-		-		-		-	26
INCOME TAXES - OPERATING		4.98		5.20		7.83		2.85		4.39	27
OTHER TAXES - OPERATING		6.22		5.94		6.00		5.53		5.37	28
											29
INTEREST CHARGES **		4.02		4.37		4.55		4.80		4.99	
PREFERRED DIVIDENDS **		0.04		0.05		0.06		0.06		0.06	30
EARNINGS AVAILABLE FOR COMMON EQUITY		7.90		6.21		9.21		2.26		5.00	31
TOTAL	$	59.36	$	56.71	$	59.98	$	45.18	$	47.28	32

* YEAR END AVERAGE

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EMPIRE TELEPHONE CORPORATION
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF TELEPHONE PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
			ASSETS AND OTHER DEBITS			
1	TELEPHONE PLANT	$ 12,853,221	$ 12,085,757	$ 11,978,768	$ 10,532,736	$ 9,385,254
2	ACCUM PROV FOR DEPR & AMORT	3,884,954	3,802,607	3,738,599	3,268,439	3,132,575
3	NET TELEPHONE PLANT	8,968,267	8,283,150	8,240,169	7,264,297	6,252,679
4	INVESTMENTS IN AFFILIATED COMPANIES	9,000	9,000	9,000	9,000	9,000
5	ADVANCES TO AFFILIATED COMPANIES	-	-	-	-	-
6	MISCELLANEOUS PHYSICAL PROPERTY	13,510	32,501	32,501	30,838	30,838
7	OTHER INVESTMENTS AND FUNDS	320,364	303,864	147,114	142,114	142,114
8	TOTAL INVESTMENTS AND FUNDS	342,874	345,365	188,615	181,952	181,952
9	CASH AND WORKING FUNDS	881,346	955,476	104,605	241,599	104,632
10	SPECIAL CASH DEPOSITS	18,281	426	426	431	431
11	TEMPORARY CASH INVESTMENTS	-	-	2,975	-	-
12	NOTES & ACCT'S REC -AFFILIATED CO'S	261,259	376,595	272,511	230,988	119,443
13	OTHER NOTES AND ACCOUNTS RECEIVABLE	13,727	271,642	9,267	120,944	29,002
14	DUE - CUST & AGENTS LESS ACCUM PROV - UNCOLLECTIBLE ACCTS	66,553	61,255	65,443	77,939	62,160
15	MATERIALS AND SUPPLIES	216,060	239,179	260,747	344,040	268,125
16	MERCH AND MATERIAL HELD FOR SALE	-	-	-	-	-
17	PREPAYMENTS	71,399	68,619	68,922	61,919	61,068
18	OTHER CURRENT AND ACCRUED ASSETS	-	-	-	-	-
19	TOTAL CURRENT AND ACCRUED ASSETS	1,528,625	1,973,192	784,896	1,077,860	644,861
20	UNAMORTIZED DEBT DISCOUNT AND EXPENSE	8,784	9,585	10,386	11,187	11,988
21	EXTRAORDINARY MAINTENANCE & RETIREMENTS	-	-	-	-	-
22	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
23	OTHER DEFERRED DEBITS	62,998	82,443	85,483	121,186	149,700
24	TOTAL DEFERRED DEBITS	71,782	92,028	95,869	132,373	161,688
25	TOTAL ASSETS AND OTHER DEBITS	10,911,548	$ 10,693,735	$ 9,309,549	$ 8,656,482	$ 7,241,180
			TELEPHONE PLANT			
26	PLANT IN SERVICE	$ 11,463,745	$ 11,154,004	$ 10,523,787	$ 9,782,611	$ 8,770,504
27	PLANT UNDER CONSTRUCTION	971,655	513,932	1,037,160	332,304	196,929
28	PROPERTY HELD FOR FUTURE USE	-	-	-	-	-
29	PLANT ACQUISITION ADJUSTMENTS	274,984	274,984	274,984	274,984	274,984
30	PLANT ADJUSTMENTS	142,837	142,837	142,837	142,837	142,837
31	TOTAL TELEPHONE UTILITY PLANT	12,853,221	12,085,757	11,978,768	10,532,736	9,385,254
32	ACCUM PROV FOR DEPR AND AMORT	3,884,954	3,802,607	3,738,599	3,268,439	3,132,575
33	NET TELEPHONE PLANT	8,968,267	8,283,150	8,240,169	7,264,297	6,252,679
	PLANT IN SERVICE					
34	BEGINNING OF YEAR	11,154,004	10,523,787	9,782,611	8,770,504	8,276,311
35	ADDITIONS	871,525	1,235,875	939,411	1,412,762	934,712
36	RETIREMENTS	561,784	605,658	198,235	398,540	444,427
37	TRANSFERS AND ADJUSTMENTS	-	-	-	2,115-	3,908
38	END OF YEAR	$ 11,463,745	$ 11,154,004	$ 10,523,787	$ 9,782,611	$ 8,770,504

EMPIRE TELEPHONE CORPORATION
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 587.737	$ 587.737	$ 587.737	$ 45.550	$ 45.550	1
PREFERRED CAPITAL STOCK	72,350	72,350	72,350	72,350	72,350	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	2,912-	2,912-	2,912-	2,912-	2,912-	8
RETAINED EARNINGS	3,368.437	2,882,763	2,186,990	2.415,731	2,033,975	9
TOTAL PROPRIETARY CAPITAL	4,025,612	3,539,938	2,844,165	2,530,719	2,148,963	10
BONDS(LESS BONDS REACQUIRED)	-	-	-	-	-	11
ADVANCES FROM AFFILIATED COMPANIES	-	-	-	-	-	12
OTHER LONG-TERM DEBT	5,406,285	5,533,811	3,651,832	3,771,372	3,887,099	13
TOTAL LONG-TERM DEBT	5,406,285	5,533,811	3,651,832	3,771,372	3,887,099	14
NOTES & ACCTS PAY TO AFFILIATED CO'S	12,951	12,446	10,685	8,880	35,444	15
OTHER NOTES AND ACCOUNTS PAYABLE	224,092	153,898	1,767,223	1,597,945	553,288	16
CUSTOMERS' DEPOSITS	3,946	3,176	3,916	17,185	15,681	17
ADVANCE BILLING AND PAYMENTS	6,883	6,138	5,016	4,953	3,973	18
TAXES ACCRUED	103,607-	187,530	12,979	7,024-	55,008	19
OTHER CURRENT AND ACCRUED LIABILITIES	72,806	186,094	159,618	109,827	166,406	20
TOTAL CURRENT AND ACCRUED LIABILITIES	217,071	549,282	1,959,437	1,731,766	829,800	21
UNAMORTIZED PREMIUM ON DEBT	-	-	-	-	-	22
ACCUM. DEFERRED INVESTMENT TAX CREDITS	309,573	338,818	300,325	260,425	186,261	23
OTHER DEFERRED CREDITS	84,472	10,066	9,456	-	8,236	24
TOTAL DEFERRED CREDITS	394,045	348,884	309,781	260,425	194,497	25
OPERATING RESERVES	-	-	-	8,846	-	26
ACCUM. DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION	868,535	721,820	544,334	353,354	180,821	27
ACCUM. DEFERRED INCOME TAXES - OTHER	-	-	-	-	-	28
TOTAL LIABILITIES AND OTHER CREDITS	$ 10,911,548	$ 10,693,735	$ 9,309,549	$ 8,656,482	$ 7,241,180	29
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS/CURRENT LIABILITIES	7.04	3.59	0.40	0.62	0.78	30
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	57.3	60.9	56.2	59.8	64.3	31
PREFERRED STOCK	0.7	0.7	1.1	1.1	1.1	32
COMMON STOCK & OTHER PAID-IN CAPITAL	6.2	6.4	9.0	0.6	0.7	33
RETAINED EARNINGS	35.7	31.7	33.6	38.3	33.6	34
LONG TERM DEBT % OF GROSS UTILITY PLANT	42.0	45.7	30.4	35.8	41.4	35
ACCUM. PROV. FOR DEPR & AMORT. %OF UTIL. PLT	30.2	31.4	31.2	31.0	33.3	36

EMPIRE TELEPHONE CORPORATION
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
			SOURCES OF FUNDS			
	INTERNAL					
1	NET INCOME	$ 495,554	$ 596,963	$ 317,695	$ 386,005	$ 189,531
2	DEPRECIATION AND AMORTIZATION	622,740	598,811	603,624	520,449	503,466
3	DEFERRED INCOME TAXES (NET)	117,470	215,979	230,880	245,723	186,143
4	INTEREST CAPITALIZED	24,403-	38,244-	24,332-	-	-
5	OTHER (NET)	113,188	71,506	64,108	13,032	47,172
6	SUBTOTAL	1,324,549	1,445,015	1,191,975	1,165,209	926,312
7	EXTRAORDINARY ITEMS	5,630-	103,059	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	1,318,919	1,548,074	1,191,975	1,165,209	926,312
9	LESS DIVIDENDS PREFERRED	4,249	4,249	4,249	4,249	4,249
	COMMON	-	-	-	-	-
11	NET FUNDS - INTERNAL SOURCES	1,314,670	1,543,825	1,187,726	1,160,960	922,063
	EXTERNAL					
12	LONG TERM DEBT	-	2,005,418	-	-	-
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	-	-	-	500,000	250,000
17	OTHER (NET)	-	-	-	-	-
18	TOTAL FUNDS - EXTERNAL SOURCES	-	2,005,418	-	500,000	250,000
	OTHER SOURCES					
19	NET DECREASE IN WORKING CAPITAL	115,136	-	557,139	-	-
20	OTHER	19,065	651-	-	4,622	28,172
21	TOTAL FUNDS PROVIDED	$ 1,448,871	$ 3,548,592	$ 1,744,865	$ 1,665,582	$ 1,200,235
			USES OF FUNDS			
	CONSTRUCTION EXPENDITURES					
22	TELEPHONE PLANT	$ 1,329,248	$ 712,647	$ 1,644,267	$ 1,548,137	$ 704,661
23	NON-UTILITY PLANT	-	-	-	-	-
24	OTHER	-	-	-	-	-
25	TOTAL CONSTRUCTION	1,329,248	712,647	1,644,267	1,548,137	704,661
26	LESS INTEREST CAPITALIZED	24,403	38,244	24,332	-	-
27	TOTAL EXCLUDING INTEREST CAPITALIZED	1,304,845	674,403	1,619,935	1,548,137	704,661
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	127,526	123,439	119,540	115,727	109,639
29	PREFERRED STOCK	-	-	-	-	-
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	1,000,000	-	-	-
32	OTHER (NET)	-	-	-	-	-
33	TOTAL RETIREMENT OF SECURITIES	127,526	1,123,439	119,540	115,727	109,639
	OTHER USES					
34	NET INCREASE IN WORKING CAPITAL	-	1,594,000	-	1,718	385,935
35	OTHER	16,500	156,750	5,390	-	-
36	TOTAL FUNDS APPLIED	$ 1,448,871	$ 3,548,592	$ 1,744,865	$ 1,665,582	$ 1,200,235

EMPIRE TELEPHONE CORPORATION
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
TELEPHONE OPERATING INCOME						
OPERATING REVENUES	$ 3,724,019	$ 3,870,547	$ 3,434,141	$ 3,242,085	$ 2,875,796	1
OPERATION AND MAINTENANCE EXPENSE	1,741,403	1,748,341	1,672,681	1,532,045	1,433,031	2
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	3
DEPRECIATION	598,321	560,440	541,422	460,843	445,023	4
AMORTIZATION	-	-	-	-	-	5
TAXES OTHER THAN INCOME TAXES-OPERATING	402,051	352,141	432,564	342,051	346,154	6
INCOME TAXES-OPERATING	159,032	192,417	80,921	123,106	154,283	7
OPERATING INCOME TAXES DEFERRED	146,715	177,486	190,980	172,533	81,558	8
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	-	-	-	-	-	9
TOTAL OPERATING EXPENSES	3,047,522	3,030,825	2,918,568	2,630,578	2,460,049	10
TOTAL TELEPHONE OPERATING INCOME	676,497	839,722	515,573	611,507	415,747	11
OTHER INCOME						
DIVIDEND INCOME	747	710	673	632	583	12
INTEREST INCOME	94,390	67,457	36,389	36,683	582	13
ALLOWANCE FOR CONSTRUCTION FUNDS	24,403	38,244	24,332	-	-	14
INCOME FROM SINKING AND OTHER FUNDS	-	-	-	-	-	15
INCOME FROM MISC. PHYSICAL PROPERTY	610-	610-	610-	610-	710-	16
MISCELLANEOUS INCOME	53,069	30,671	26,113	23,977	14,103	17
TOTAL OTHER INCOME	171,999	136,472	86,897	60,682	14,558	18
TOTAL INCOME	848,496	976,194	602,470	672,189	430,305	19
INCOME DEDUCTIONS						
TAXES OTHER THAN INC. TAXES-NONOPERATING	-	-	-	-	681	20
INCOME TAXES-NONOPERATING	4,525-	5,323-	5,437-	5,545-	5,648-	21
MISCELLANEOUS INCOME CHARGES	28,241	27,887	29,509	27,327	30,800	22
TOTAL INCOME DEDUCTIONS	23,716	22,564	24,072	21,782	25,833	23
INCOME BEFORE INTEREST CHARGES	824,780	953,630	578,398	650,407	404,472	24
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	326,643	343,619	151,403	160,137	159,411	25
AMORT. OF DEBT DISCOUNT AND EXPENSE	801	801	801	801	801	26
AMORT. OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	27
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	28
OTHER INTEREST EXPENSE	1,782	12,247	108,499	103,464	54,729	29
TOTAL INTEREST CHARGES	329,226	356,667	260,703	264,402	214,941	30
INCOME BEFORE EXTRAORDINARY/DELAYED ITEMS	495,554	596,963	317,695	386,005	189,531	31
EXTRAORDINARY & DELAYED ITEMS - NET LESS TAX EFFECT	5,630-	103,059	-	-	-	32
NET INCOME	$ 489,924	$ 700,022	$ 317,695	$ 386,005	$ 189,531	33
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 2,882,762	$ 2,186,990	$ 2,415,731	$ 2,033,975	$ 1,848,693	34
TRANSFERRED FROM INCOME	489,924	700,022	317,695	386,005	189,531	35
MISCELLANEOUS CREDITS	-	-	-	-	-	36
MISCELLANEOUS DEBITS	-	-	542,187	-	-	37
APPROPRIATIONS	-	-	-	-	-	38
DIVIDENDS DECLARED-PREFERRED STOCK	4,249	4,249	4,249	4,249	4,249	39
-COMMON STOCK	-	-	-	-	-	40
BALANCE END OF YEAR	3,368,437	2,882,763	2,186,990	2,415,731	2,033,975	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 3,368,437	$ 2,882,763	$ 2,186,990	$ 2,415,731	$ 2,033,975	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME-PERCENT OF OPERATING REVENUES	13.1	18.0	9.2	11.9	6.5	44
PRETAX COVERAGE OF INTEREST CHARGES	3.3	3.6	3.1	3.5	2.9	45
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	-	-	-	-	-	46
RETURN ON COMMON EQUITY	13.0	22.3	11.9	16.8	9.3	47

EMPIRE TELEPHONE CORPORATION
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	TELEPHONE OPERATING REVENUES					
1	LOCAL REVENUES	$ 865,319	$ 791,316	$ 740,163	$ 715,284	$ 632,061
2	ACCESS REVENUES	1,146,354	1,300,201	849,441	-	-
3	TOLL REVENUES	1,398,107	1,511,760	1,632,382	2,455,214	2,172,478
4	MISCELLANEOUS REVENUES	321,028	276,276	237,195	84,601	83,966
5	UNCOLLECTIBLE REVENUES-DR	6,789	9,006	25,040	13,014	12,709
6	TOTAL OPERATING REVENUES	$ 3,724,019	$ 3,870,547	$ 3,434,141	$ 3,242,085	$ 2,875,796
7	ACCESS LINES IN SERVICE	5,992	5,616	5,680	5,666	5,437
	TELEPHONE OPERATING REVENUE RELATIONSHIPS					
	REVENUE PER AVERAGE ACCESS LINE*					
8	LOCAL REVENUE	$ 149.09	$ 140.11	$ 130.47	$ 128.85	$ 113.35
9	ACCESS REVENUE	197.51	230.21	149.73		
10	TOLL REVENUE	240.89	267.66	287.75	442.26	389.61

*YEAR END AVERAGE

LINE NO	ITEM	1987	1986	1985	1984	1983
	OPERATION AND MAINTENANCE EXPENSES					
11	MAINTENANCE EXPENSES	$ 780,639	$ 747,823	$ 777,736	$ 735,976	$ 775,087
12	DEPRECIATION & AMORTIZATION	598,321	560,440	541,422	460,843	445,023
13	TRAFFIC EXPENSES	77,384	87,358	83,483	100,262	28,056
14	COMMERCIAL EXPENSES	113,293	104,505	84,621	90,764	97,303
15	ACCESS EXPENSES	-	-	-	-	-
16	GENERAL OFFICE SALARIES & EXPENSES	365,969	377,110	328,457	327,769	291,857
17	OTHER OPERATING EXPENSES	394,239	424,465	389,078	275,114	244,080
18	TOTAL O & M EXPENSES	$ 2,329,845	$ 2,301,701	$ 2,204,797	$ 1,990,728	$ 1,881,406

EMPIRE TELEPHONE CORPORATION
DISTRIBUTION OF TELEPHONE REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
REVENUES	$ 3,724,019	$ 3,870,547	$ 3,434,141	$ 3,242,085	$ 2,875,796	1
ACCESS LINES - AVERAGE*	5,804	5,648	5,673	5,552	5,576	2
DOLLAR AMOUNTS						
WAGES AND BENEFITS	$ 1,001,480	$ 956,908	$ 955,671	$ 834,039	$ 810,394	3
OTHER OPERATION AND MAINTENANCE EXPENSES	739,923	791,433	717,010	698,006	622,637	4
DEPRECIATION AND AMORTIZATION EXPENSES	598,321	560,440	541,422	460,843	445,023	5
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	6
INCOME TAXES - OPERATING	305,747	369,903	271,901	295,639	235,841	7
OTHER TAXES - OPERATING	402,051	352,141	432,564	342,051	346,154	8
INTEREST CHARGES **	317,398	340,770	251,627	264,402	214,941	9
PREFERRED DIVIDENDS**	4,095	4,052	4,006	4,249	4,249	10
EARNINGS AVAILABLE FOR COMMON EQUITY	355,004	494,900	259,940	342,856	196,557	11
TOTAL	$ 3,724,019	$ 3,870,547	$ 3,434,141	$ 3,242,085	$ 2,875,796	12
PERCENT OF REVENUES						
WAGES AND BENEFITS	26.9	24.7	27.8	25.7	28.2	13
OTHER OPERATION AND MAINTENANCE EXPENSES	19.6	20.4	20.9	21.5	21.7	14
DEPRECIATION AND AMORTIZATION EXPENSES	16.1	14.5	15.8	14.2	15.5	15
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	16
INCOME TAXES - OPERATING	8.2	9.6	7.9	9.1	8.2	17
OTHER TAXES - OPERATING	10.8	9.1	12.6	10.6	12.0	18
INTEREST CHARGES**	8.5	8.8	7.3	8.2	7.5	19
PREFERRED DIVIDENDS **	0.1	0.1	0.1	0.1	0.1	20
EARNINGS AVAILABLE FOR COMMON EQUITY	9.5	12.8	7.6	10.6	6.8	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
DOLLARS PER AVERAGE ACCESS LINE PER MONTH						
WAGES AND BENEFITS	$ 14.38	$ 14.12	$ 14.04	$ 12.52	$ 12.11	23
OTHER OPERATION AND MAINTENANCE EXPENSES	10.62	11.68	10.53	10.48	9.31	24
DEPRECIATION AND AMORTIZATION EXPENSES	8.59	8.27	7.95	6.92	6.65	25
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	26
INCOME TAXES - OPERATING	4.39	5.46	3.99	4.44	3.52	27
OTHER TAXES - OPERATING	5.77	5.20	6.35	5.13	5.17	28
INTEREST CHARGES **	4.56	5.03	3.70	3.97	3.21	29
PREFERRED DIVIDENDS **	0.06	0.06	0.06	0.06	0.06	30
EARNINGS AVAILABLE FOR COMMON EQUITY	5.10	7.30	3.82	5.15	2.94	31
TOTAL	$ 53.47	$ 57.11	$ 50.45	$ 48.67	$ 42.98	32

* YEAR END AVERAGE

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THE FISHERS ISLAND TELEPHONE CORPORATION
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF TELEPHONE PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	TELEPHONE PLANT	$ 686,179	$ 714,011	$ 637,009	$ 607,412	$ 578,713
2	ACCUM PROV FOR DEPR & AMORT	362,172	382,492	336,451	323,740	292,589
3	NET TELEPHONE PLANT	324,006	331,518	300,558	283,671	286,123
4	INVESTMENTS IN AFFILIATED COMPANIES	-	-	-	-	-
5	ADVANCES TO AFFILIATED COMPANIES	-	-	-	-	-
6	MISCELLANEOUS PHYSICAL PROPERTY	-	-	-	-	-
7	OTHER INVESTMENTS AND FUNDS	-	-	-	-	-
8	TOTAL INVESTMENTS AND FUNDS	-	-	-	-	-
9	CASH AND WORKING FUNDS	65,489	31,276	39,329	18,428	55,190
10	SPECIAL CASH DEPOSITS	106,997	67,226	147,056	179,804	128,943
11	TEMPORARY CASH INVESTMENTS	-	-	-	-	-
12	NOTES & ACCT'S REC -AFFILIATED CO'S	-	-	-	-	-
13	OTHER NOTES AND ACCOUNTS RECEIVABLE	25,913	49,640	9,384	17,223	-
14	DUE - CUST & AGENTS LESS ACCUM PROV - UNCOLLECTIBLE ACCTS	33,177	33,149	42,494	56,141	49,624
15	MATERIALS AND SUPPLIES	14,075	14,307	8,897	9,817	12,050
16	MERCH AND MATERIAL HELD FOR SALE	-	-	-	-	-
17	PREPAYMENTS	5,000	19,822	5,168	389	1,291
18	OTHER CURRENT AND ACCRUED ASSETS	2,156	2,161	2,986	1,125	2,526
19	TOTAL CURRENT AND ACCRUED ASSETS	252,809	217,584	255,315	282,928	249,625
20	UNAMORTIZED DEBT DISCOUNT AND EXPENSE	-	-	-	-	-
21	EXTRAORDINARY MAINTENANCE & RETIREMENTS	-	-	-	-	-
22	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
23	OTHER DEFERRED DEBITS	9,091	2,686	-	-	-
24	TOTAL DEFERRED DEBITS	9,091	2,686	-	-	-
25	TOTAL ASSETS AND OTHER DEBITS	585,908	$ 551,790	$ 555,875	$ 566,600	$ 535,749
	TELEPHONE PLANT					
26	PLANT IN SERVICE	$ 686,179	$ 714,011	$ 637,009	$ 577,124	$ 566,801
27	PLANT UNDER CONSTRUCTION	-	-	-	30,288	11,911
28	PROPERTY HELD FOR FUTURE USE	-	-	-	-	
29	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
30	PLANT ADJUSTMENTS	-	-	-	-	-
31	TOTAL TELEPHONE UTILITY PLANT	686,179	714,011	637,009	607,412	578,713
32	ACCUM PROV FOR DEPR AND AMORT	362,172	382,492	336,451	323,740	292,589
33	NET TELEPHONE PLANT	324,006	331,518	300,558	283,671	286,123
	PLANT IN SERVICE					
34	BEGINNING OF YEAR	714,011	637,009	577,124	566,801	544,606
35	ADDITIONS	43,541	77,001	32,047	10,322	22,195
36	RETIREMENTS	71,373	-	18,893	-	-
37	TRANSFERS AND ADJUSTMENTS	-	-	46,731	-	-
38	END OF YEAR	$ 686,179	$ 714,011	$ 637,009	$ 577,124	$ 566,801

THE FISHERS ISLAND TELEPHONE CORPORATION
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 78,518	$ 78,518	$ 78,518	$ 78,518	$ 78,518	1
PREFERRED CAPITAL STOCK	-	-	-	-	-	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	375,596	361,919	369,407	387,070	395,260	9
TOTAL PROPRIETARY CAPITAL	454,114	440,437	447,925	465,588	473,778	10
BONDS(LESS BONDS REACQUIRED)	-	-	-	-	-	11
ADVANCES FROM AFFILIATED COMPANIES	-	-	-	-	-	12
OTHER LONG-TERM DEBT	-	-	-	-	-	13
TOTAL LONG-TERM DEBT	-	-	-	-	-	14
NOTES & ACCTS PAY TO AFFILIATED CO'S	6,958	7,422	5,970	4,623	4,613	15
OTHER NOTES AND ACCOUNTS PAYABLE	17,591	25,597	39,440	32,240	21,615	16
CUSTOMERS' DEPOSITS	310	310	610	450	1,510	17
ADVANCE BILLING AND PAYMENTS	-	-	-	18,691	19,111	18
TAXES ACCRUED	7,507	5,086	8,253	30,081	14,554	19
OTHER CURRENT AND ACCRUED LIABILITIES	7,282	6,002	4,550	14,924	565	20
TOTAL CURRENT AND ACCRUED LIABILITIES	39,648	44,417	58,824	101,012	61,970	21
UNAMORTIZED PREMIUM ON DEBT	-	-	-	-	-	22
ACCUM. DEFERRED INVESTMENT TAX CREDITS	-	-	-	-	-	23
OTHER DEFERRED CREDITS	82,521	54,549	29,958	-	-	24
TOTAL DEFERRED CREDITS	82,521	54,549	29,958	-	-	25
OPERATING RESERVES	-	-	-	-	-	26
ACCUM. DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION	9,623	12,386	19,168	-	-	27
ACCUM. DEFERRED INCOME TAXES - OTHER	-	-	-	-	-	28
TOTAL LIABILITIES AND OTHER CREDITS	$ 585,906	$ 551,790	$ 555,875	$ 566,600	$ 535,749	29
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS/CURRENT LIABILITIES	6.38	4.90	4.34	2.80	4.03	30
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	-	-	-	-	-	31
PREFERRED STOCK	-	-	-	-	-	32
COMMON STOCK & OTHER PAID-IN CAPITAL	17.2	17.8	17.5	16.8	16.5	33
RETAINED EARNINGS	82.7	82.1	82.4	83.1	83.4	34
LONG TERM DEBT % OF GROSS UTILITY PLANT	-	-	-	-	-	35
ACCUM. PROV. FOR DEPR.& AMORT. %OF UTIL. PLT	52.7	53.5	52.8	53.2	50.5	36

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FISHERS ISLAND TELEPHONE CORPORATION, THE
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL					
1	NET INCOME	$ 33,677	$ 42,512	$ 99,465	$ 91,809	$ 67,794
2	DEPRECIATION AND AMORTIZATION	43,898	46,041	31,604	31,150	29,703
3	DEFERRED INCOME TAXES (NET)	-	-	-	-	-
4	INTEREST CAPITALIZED	-	-	-	-	-
5	OTHER (NET)	32,364	42,529	49,126	-	-
6	SUBTOTAL	109,939	131,083	180,195	122,959	97,498
7	EXTRAORDINARY ITEMS	-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	109,939	131,083	180,195	122,959	97,498
9	LESS DIVIDENDS PREFERRED	-	-	-	-	-
	COMMON	20,000	50,000	100,000	100,000	17,000
11	NET FUNDS - INTERNAL SOURCES	89,939	81,083	80,195	22,959	80,498
	EXTERNAL					
12	LONG TERM DEBT	-	-	-	-	-
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	-	-	-	-	-
17	OTHER (NET)	-	-	-	-	-
18	TOTAL FUNDS - EXTERNAL SOURCES	-	-	-	-	-
	OTHER SOURCES					
19	NET DECREASE IN WORKING CAPITAL	-	-	34,737	5,739	-
20	OTHER	-	-	-	-	-
21	TOTAL FUNDS PROVIDED	$ 89,939	$ 81,083	$ 114,932	$ 28,699	$ 80,498
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
22	TELEPHONE PLANT	$ 43,541	$ 77,001	$ 48,491	$ 28,699	$ 34,106
23	NON-UTILITY PLANT	-	-	-	-	-
24	OTHER	-	-	-	-	-
25	TOTAL CONSTRUCTION	43,541	77,001	48,491	28,699	34,106
26	LESS INTEREST CAPITALIZED	-	-	-	-	-
27	TOTAL EXCLUDING INTEREST CAPITALIZED	43,541	77,001	48,491	28,699	34,106
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	-	-	-	-	-
29	PREFERRED STOCK	-	-	-	-	-
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	-	-	-	-
32	OTHER (NET)	25,405	-	-	-	-
33	TOTAL RETIREMENT OF SECURITIES	25,405	-	-	-	-
	OTHER USES					
34	NET INCREASE IN WORKING CAPITAL	14,588	1,396	-	-	46,392
35	OTHER	6,405	2,686	66,441	-	-
36	TOTAL FUNDS APPLIED	$ 89,939	$ 81,083	$ 114,932	$ 28,699	$ 80,498

FISHERS ISLAND TELEPHONE CORPORATION, THE
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
TELEPHONE OPERATING INCOME						
OPERATING REVENUES	$ 408,147	$ 362,095	$ 403,223	$ 340,470	$ 313,132	1
OPERATION AND MAINTENANCE EXPENSE	290,309	253,109	203,784	160,598	191,344	2
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	3
DEPRECIATION	43,898	46,041	31,604	31,150	29,703	4
AMORTIZATION	-	-	-	-	-	5
TAXES OTHER THAN INCOME TAXES-OPERATING	41,115	26,662	30,804	21,849	20,190	6
INCOME TAXES-OPERATING	4,651	15,359	32,599	36,095	14,303	7
OPERATING INCOME TAXES DEFERRED	2,763-	6,782-	2,040	-	-	8
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	-	-	-	-	-	9
TOTAL OPERATING EXPENSES	377,210	334,390	300,834	249,693	255,541	10
TOTAL TELEPHONE OPERATING INCOME	30,937	27,706	102,389	90,777	57,591	11
OTHER INCOME						
DIVIDEND INCOME	-	-	-	-	-	12
INTEREST INCOME	9,333	12,307	12,514	14,823	9,904	13
ALLOWANCE FOR CONSTRUCTION FUNDS	-	-	-	-	-	14
INCOME FROM SINKING AND OTHER FUNDS	-	-	-	-	-	15
INCOME FROM MISC. PHYSICAL PROPERTY	-	-	-	-	-	16
MISCELLANEOUS INCOME	43,524	26,061	24,913	25,769	480	17
TOTAL OTHER INCOME	52,858	38,368	37,427	40,593	10,385	18
TOTAL INCOME	83,795	66,073	139,816	131,370	67,976	19
INCOME DEDUCTIONS						
TAXES OTHER THAN INC. TAXES-NONOPERATING	-	-	-	-	-	20
INCOME TAXES-NONOPERATING	-	-	-	-	-	21
MISCELLANEOUS INCOME CHARGES	48,331	23,456	38,676	39,419	100	22
TOTAL INCOME DEDUCTIONS	48,331	23,456	38,676	39,419	100	23
INCOME BEFORE INTEREST CHARGES	35,464	42,618	101,140	91,951	67,876	24
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	-	-	-	-	-	25
AMORT. OF DEBT DISCOUNT AND EXPENSE	-	-	-	-	-	26
AMORT. OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	27
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	28
OTHER INTEREST EXPENSE	1,786	106	1,674	141	81	29
TOTAL INTEREST CHARGES	1,786	106	1,674	141	81	30
INCOME BEFORE EXTRAORDINARY/DELAYED ITEMS	33,677	42,512	99,465	91,809	67,794	31
EXTRAORDINARY & DELAYED ITEMS - NET LESS TAX EFFECT	-	-	-	-	-	32
NET INCOME	$ 33,677	$ 42,512	$ 99,465	$ 91,809	$ 67,794	33
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 361,919	$ 369,407	$ 387,070	$ 395,260	$ 344,465	34
TRANSFERRED FROM INCOME	33,677	42,512	99,465	91,809	67,794	35
MISCELLANEOUS CREDITS	-	-	-	-	-	36
MISCELLANEOUS DEBITS	-	-	17,129	-	-	37
APPROPRIATIONS	-	-	-	-	-	38
DIVIDENDS DECLARED-PREFERRED STOCK	-	-	-	-	-	39
-COMMON STOCK	20,000	50,000	100,000	100,000	17,000	40
BALANCE END OF YEAR	375,596	361,919	369,407	387,070	395,260	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 375,596	$ 361,919	$ 369,407	$ 387,070	$ 395,260	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME-PERCENT OF OPERATING REVENUES	8.2	11.7	24.6	26.9	21.6	44
PRETAX COVERAGE OF INTEREST CHARGES	20.9	483.0	81.1	908.1	,014.6	45
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	59.3	117.6-	100.5	108.9	25.0	46
RETURN ON COMMON EQUITY	7.5	9.5	21.7	19.5	15.1	47

FISHERS ISLAND TELEPHONE CORPORATION, THE
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	TELEPHONE OPERATING REVENUES					
1	LOCAL REVENUES	$ 92,443	$ 88,382	$ 69,132	$ 57,946	$ 57,893
2	ACCESS REVENUES	228,596	133,940	228,576	-	-
3	TOLL REVENUES	16,061	110,596	77,382	264,773	218,296
4	MISCELLANEOUS REVENUES	71,047	29,176	28,132	17,750	36,941
5	UNCOLLECTIBLE REVENUES-DR	-	1,071	2,309	-	-
6	TOTAL OPERATING REVENUES	$ 408,147	$ 361,023	$ 400,913	$ 340,470	$ 313,132
7	ACCESS LINES IN SERVICE	839	823	771	722	701
	TELEPHONE OPERATING REVENUE RELATIONSHIPS					
	REVENUE PER AVERAGE ACCESS LINE*					
8	LOCAL REVENUE	$ 111.24	$ 110.89	$ 92.61	$ 81.44	$ 83.42
9	ACCESS REVENUE	275.09	168.06	306.20		
10	TOLL REVENUE	19.33	138.77	103.66	372.13	314.55

*YEAR END AVERAGE

LINE NO	ITEM	1987	1986	1985	1984	1983
	OPERATION AND MAINTENANCE EXPENSES					
11	MAINTENANCE EXPENSES	$ 109,007	$ 89,093	$ 80,487	$ 55,554	$ 64,361
12	DEPRECIATION & AMORTIZATION	43,898	46,041	31,605	31,150	29,703
13	TRAFFIC EXPENSES	578	138	41	1,237	4,810
14	COMMERCIAL EXPENSES	39,776	17,663	19,259	19,151	20,508
15	ACCESS EXPENSES	9,067	12,392	12,415	-	-
16	GENERAL OFFICE SALARIES & EXPENSES	63,104	47,924	37,328	24,253	27,021
17	OTHER OPERATING EXPENSES	68,775	85,896	54,254	60,400	74,642
18	TOTAL O & M EXPENSES	$ 334,207	$ 299,150	$ 235,389	$ 191,748	$ 221,047

FISHERS ISLAND TELEPHONE CORPORATION, THE
DISTRIBUTION OF TELEPHONE REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
REVENUES	$ 408,147	$ 362,095	$ 403,223	$ 340,470	$ 313,132	1
ACCESS LINES - AVERAGE*	831	797	747	712	694	2
DOLLAR AMOUNTS						
WAGES AND BENEFITS	$ 120,889	$ 73,386	$ 67,021	$ 64,598	$ 50,436	3
OTHER OPERATION AND MAINTENANCE EXPENSES	169,420	179,723	136,763	96,000	140,908	4
DEPRECIATION AND AMORTIZATION EXPENSES	43,898	46,041	31,605	31,150	29,703	5
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	6
INCOME TAXES - OPERATING	1,888	8,577	34,639	36,095	14,303	7
OTHER TAXES - OPERATING	41,115	26,662	30,804	21,849	20,190	8
INTEREST CHARGES **	1,786	106	1,674	141	81	9
PREFERRED DIVIDENDS**	-	-	-	-	-	10
EARNINGS AVAILABLE FOR COMMON EQUITY	29,151	27,599	100,715	90,636	57,510	11
TOTAL	$ 408,147	$ 362,095	$ 403,223	$ 340,470	$ 313,132	12
PERCENT OF REVENUES						
WAGES AND BENEFITS	29 6	20 3	16 6	19 0	16 1	13
OTHER OPERATION AND MAINTENANCE EXPENSES	46 0	49 6	33 9	28 2	45 0	14
DEPRECIATION AND AMORTIZATION EXPENSES	10 8	12 7	7 8	9 1	9 5	15
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	16
INCOME TAXES - OPERATING	0 5	2 4	8 6	10 6	4 6	17
OTHER TAXES - OPERATING	10 1	7 4	7 6	6 4	6 4	18
INTEREST CHARGES**	0 4	-	0 4	-	-	19
PREFERRED DIVIDENDS **	-	-	-	-	-	20
EARNINGS AVAILABLE FOR COMMON EQUITY	7 1	7 6	25 0	26.6	18 4	21
TOTAL	100 0	100 0	100 0	100 0	100 0	22
DOLLARS PER AVERAGE ACCESS LINE PER MONTH						
WAGES AND BENEFITS	$ 12 12	$ 7 67	$ 7 48	$ 7 57	$ 6 06	23
OTHER OPERATION AND MAINTENANCE EXPENSES	16 99	18 79	15 27	11 24	16 92	24
DEPRECIATION AND AMORTIZATION EXPENSES	4 40	4 81	3 53	3 65	3 57	25
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	26
INCOME TAXES - OPERATING	0 19	0 90	3 87	4 23	1 72	27
OTHER TAXES - OPERATING	4 12	2 79	3 44	2 56	2 42	28
INTEREST CHARGES **	0 18	0 01	0 19	0.02	0 01	29
PREFERRED DIVIDENDS **	-	-	-	-	-	30
EARNINGS AVAILABLE FOR COMMON EQUITY	2 92	2 89	11 24	10 62	6 91	31
TOTAL	$ 40 93	$ 37 86	$ 45 01	$ 39 88	$ 37 60	32

* YEAR END AVERAGE

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GERMANTOWN TELEPHONE COMPANY, INC
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF TELEPHONE PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	TELEPHONE PLANT	$ 3,795,424	$ 2,944,804	$ 2,559,743	$ 2,456,167	$ 2,397,317
2	ACCUM PROV FOR DEPR & AMORT	1,188,719	1,050,829	879,341	759,147	670,108
3	NET TELEPHONE PLANT	2,606,705	1,893,975	1,680,402	1,697,020	1,727,209
4	INVESTMENTS IN AFFILIATED COMPANIES	98,459	69,692	60,444	55,971	6,677
5	ADVANCES TO AFFILIATED COMPANIES	-	-	-	-	-
6	MISCELLANEOUS PHYSICAL PROPERTY	-	-	-	-	-
7	OTHER INVESTMENTS AND FUNDS	46,496	35,226	25,866	16,421	8,718
8	TOTAL INVESTMENTS AND FUNDS	144,955	104,918	86,310	72,392	15,395
9	CASH AND WORKING FUNDS	257,826	352,948	282,550	179,040	129,144
10	SPECIAL CASH DEPOSITS	100	100	100	100	100
11	TEMPORARY CASH INVESTMENTS	-	-	-	-	-
12	NOTES & ACCT'S REC -AFFILIATED CO'S	16,938	35,251	11,986	11,820	1,630
13	OTHER NOTES AND ACCOUNTS RECEIVABLE	66,225	82,596	161,009	120,689	9,125
14	DUE - CUST & AGENTS LESS ACCUM PROV - UNCOLLECTIBLE ACCTS	135,099	124,143	113,883	125,075	113,713
15	MATERIALS AND SUPPLIES	19,482	14,072	10,135	10,251	14,254
16	MERCH AND MATERIAL HELD FOR SALE	-	-	-	629	-
17	PREPAYMENTS	21,530	20,884	23,105	21,866	20,725
18	OTHER CURRENT AND ACCRUED ASSETS	-	-	-	-	-
19	TOTAL CURRENT AND ACCRUED ASSETS	517,200	629,994	602,768	469,470	288,691
20	UNAMORTIZED DEBT DISCOUNT AND EXPENSE	22,861	14,451	11,436	6,045	6,279
21	EXTRAORDINARY MAINTENANCE & RETIREMENTS	-	-	-	-	-
22	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
23	OTHER DEFERRED DEBITS	18,888	59,935	25,084	10,314	10,274
24	TOTAL DEFERRED DEBITS	41,749	74,386	36,520	16,359	16,553
25	TOTAL ASSETS AND OTHER DEBITS	3,310,609	$ 2,703,273	$ 2,406,000	$ 2,255,241	$ 2,047,848
	TELEPHONE PLANT					
26	PLANT IN SERVICE	$ 3,191,606	$ 2,671,180	$ 2,559,743	$ 2,456,167	$ 2,298,171
27	PLANT UNDER CONSTRUCTION	603,818	273,624	-	-	99,146
28	PROPERTY HELD FOR FUTURE USE	-	-	-	-	-
29	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
30	PLANT ADJUSTMENTS	-	-	-	-	-
31	TOTAL TELEPHONE UTILITY PLANT	3,795,424	2,944,804	2,559,743	2,456,167	2,397,317
32	ACCUM PROV FOR DEPR AND AMORT	1,188,719	1,050,829	879,341	759,147	670,108
33	NET TELEPHONE PLANT	2,606,705	1,893,975	1,680,402	1,697,020	1,727,209
	PLANT IN SERVICE					
34	BEGINNING OF YEAR	2,671,180	2,559,742	2,456,167	2,298,171	2,216,735
35	ADDITIONS	573,214	126,950	130,651	187,884	108,342
36	RETIREMENTS	51,814	15,512	27,075	29,888	26,906
37	TRANSFERS AND ADJUSTMENTS	974-	-	-	-	-
38	END OF YEAR	$ 3,191,606	$ 2,671,180	$ 2,559,743	$ 2,456,167	$ 2,298,171

GERMANTOWN TELEPHONE COMPANY, INC
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 80,000	$ 80,000	$ 80,000	$ 80,000	$ 80,000	1
PREFERRED CAPITAL STOCK	-	-	-	-	-	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	944,729	755,917	583,300	400,646	330,144	9
TOTAL PROPRIETARY CAPITAL	1,024,729	835,917	663,300	480,646	410,144	10
BONDS(LESS BONDS REACQUIRED)	1,383,122	1,413,216	1,336,858	1,364,138	1,390,028	11
ADVANCES FROM AFFILIATED COMPANIES	-	-	-	-	-	12
OTHER LONG-TERM DEBT	28,000	28,000	34,000	40,000	45,000	13
TOTAL LONG-TERM DEBT	1,411,122	1,441,216	1,370,858	1,404,138	1,435,028	14
NOTES & ACCTS PAY TO AFFILIATED CO'S	-	-	-	2,020	393	15
OTHER NOTES AND ACCOUNTS PAYABLE	583,498	195,423	210,981	275,769	129,972	16
CUSTOMERS' DEPOSITS	290	650	570	2,800	2,450	17
ADVANCE BILLING AND PAYMENTS	8,160	7,380	6,360	5,712	5,359	18
TAXES ACCRUED	48,400	5,573	4,594-	2,579	9,394	19
OTHER CURRENT AND ACCRUED LIABILITIES	16,373	18,234	18,963	19,102	18,538	20
TOTAL CURRENT AND ACCRUED LIABILITIES	656,721	227,260	232,280	307,982	166,106	21
UNAMORTIZED PREMIUM ON DEBT	-	-	-	-	-	22
ACCUM DEFERRED INVESTMENT TAX CREDITS	166,178	176,760	103,894	41,768	29,252	23
OTHER DEFERRED CREDITS	5,766	-	-	-	-	24
TOTAL DEFERRED CREDITS	171,944	176,760	103,894	41,768	29,252	25
OPERATING RESERVES	-	-	-	-	-	26
ACCUM DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION	41,507	19,337	32,344	17,460	4,669	27
ACCUM DEFERRED INCOME TAXES - OTHER	4,586	2,783	3,324	3,247	2,649	28
TOTAL LIABILITIES AND OTHER CREDITS	$ 3,310,609	$ 2,703,273	$ 2,406,000	$ 2,255,241	$ 2,047,848	29
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS/CURRENT LIABILITIES	0.79	2.77	2.60	1.52	1.74	30
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	57.9	63.2	67.3	74.4	77.7	31
PREFERRED STOCK	-	-	-	-	-	32
COMMON STOCK & OTHER PAID-IN CAPITAL	3.2	3.5	3.9	4.2	4.3	33
RETAINED EARNINGS	38.7	33.1	28.6	21.2	17.8	34
LONG TERM DEBT % OF GROSS UTILITY PLANT	37.1	48.9	53.5	57.1	59.8	35
ACCUM PROV FOR DEPR & AMORT %OF UTIL PLT	31.3	35.6	34.3	30.9	27.9	36

GERMANTOWN TELEPHONE COMPANY, INC.
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
				SOURCES OF FUNDS		
	INTERNAL					
1	NET INCOME	$ 204,710	$ 170,185	$ 174,054	$ 73,585	$ 56,140
2	DEPRECIATION AND AMORTIZATION	197,739	184,735	147,540	120,311	115,029
3	DEFERRED INCOME TAXES (NET)	19,157	59,318	77,087	25,905	4,300
4	INTEREST CAPITALIZED	-	-	-	-	-
5	OTHER (NET)	-	-	-	-	-
6	SUBTOTAL	421,606	414,238	398,681	219,801	175,469
7	EXTRAORDINARY ITEMS	11,898-	6,432	12,600	917	2,541
8	TOTAL FUNDS - INTERNAL SOURCES	409,708	420,670	411,281	220,718	178,010
9	LESS DIVIDENDS PREFERRED	-	-	-	-	-
	COMMON	4,000	4,000	4,000	4,000	4,000
11	NET FUNDS - INTERNAL SOURCES	405,708	416,670	407,281	216,718	174,010
	EXTERNAL					
12	LONG TERM DEBT	-	105,000	-	-	50,000
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	-	-	-	61,942	-
17	OTHER (NET)	-	-	-	-	-
18	TOTAL FUNDS - EXTERNAL SOURCES	-	105,000	-	61,942	50,000
	OTHER SOURCES					
19	NET DECREASE IN WORKING CAPITAL	542,901	54,045	-	-	71,857
20	OTHER	33,174	3,952	3,959	5,319	8,128
21	TOTAL FUNDS PROVIDED	$ 981,783	$ 579,667	$ 411,240	$ 283,979	$ 303,995
				USES OF FUNDS		
	CONSTRUCTION EXPENDITURES					
22	TELEPHONE PLANT	$ 902,429	$ 400,573	$ 130,651	$ 88,433	$ 179,027
23	NON-UTILITY PLANT	-	-	-	-	-
24	OTHER	-	-	-	-	-
25	TOTAL CONSTRUCTION	902,429	400,573	130,651	88,433	179,027
26	LESS INTEREST CAPITALIZED	-	-	-	-	-
27	TOTAL EXCLUDING INTEREST CAPITALIZED	902,429	400,573	130,651	88,433	179,027
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	30,094	28,642	27,280	25,890	24,668
29	PREFERRED STOCK	-	-	-	-	50,000
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	88,512	8,652	-	15,521
32	OTHER (NET)	-	6,000	6,000	5,000	5,000
33	TOTAL RETIREMENT OF SECURITIES	30,094	123,154	41,932	30,890	95,189
	OTHER USES					
34	NET INCREASE IN WORKING CAPITAL	-	-	199,109	99,704	-
35	OTHER	49,260	55,940	39,548	64,952	29,779
36	TOTAL FUNDS APPLIED	$ 981,783	$ 579,667	$ 411,240	$ 283,979	$ 303,995

GERMANTOWN TELEPHONE COMPANY, INC.
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
TELEPHONE OPERATING INCOME						
OPERATING REVENUES	$ 1,378,559	$ 1,258,778	$ 1,230,256	$ 1,033,932	$ 950,412	1
OPERATION AND MAINTENANCE EXPENSE	736,151	670,759	649,773	627,398	616,775	2
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	3
DEPRECIATION	181,374	177,077	136,708	106,667	101,879	4
AMORTIZATION	-	-	-	-	-	5
TAXES OTHER THAN INCOME TAXES-OPERATING	120,112	109,072	100,219	107,002	100,981	6
INCOME TAXES-OPERATING	86,235	100,778	85,637	22,156	7,185	7
OPERATING INCOME TAXES DEFERRED	9,639	12,473-	16,354	13,293	3,322	8
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	14,333	1,075-	1,393-	96	2,435-	9
TOTAL OPERATING EXPENSES	1,147,844	1,044,138	987,298	876,612	827,707	10
TOTAL TELEPHONE OPERATING INCOME	230,715	214,640	242,958	157,320	122,705	11
OTHER INCOME						
DIVIDEND INCOME	-	-	-	-	-	12
INTEREST INCOME	18,064	16,690	13,149	11,393	7,409	13
ALLOWANCE FOR CONSTRUCTION FUNDS	-	-	-	-	-	14
INCOME FROM SINKING AND OTHER FUNDS	-	-	-	-	-	15
INCOME FROM MISC. PHYSICAL PROPERTY	-	1,078	-	-	-	16
MISCELLANEOUS INCOME	35,588	14,670	1,514	7,400-	8,202	17
TOTAL OTHER INCOME	53,652	32,438	14,663	3,993	15,611	18
TOTAL INCOME	284,367	247,078	257,621	161,313	138,316	19
INCOME DEDUCTIONS						
TAXES OTHER THAN INC. TAXES-NONOPERATING	-	-	-	-	-	20
INCOME TAXES-NONOPERATING	-	-	-	-	-	21
MISCELLANEOUS INCOME CHARGES	5,307	792	1,160	2,037	543-	22
TOTAL INCOME DEDUCTIONS	5,307	792	1,160	2,037	543-	23
INCOME BEFORE INTEREST CHARGES	279,060	246,286	256,461	159,276	138,859	24
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	69,886	67,172	67,423	68,826	70,057	25
AMORT. OF DEBT DISCOUNT AND EXPENSE	762	234	234	234	234	26
AMORT. OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	27
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	28
OTHER INTEREST EXPENSE	3,702	8,695	14,750	16,631	12,428	29
TOTAL INTEREST CHARGES	74,350	76,101	82,407	85,691	82,719	30
INCOME BEFORE EXTRAORDINARY/DELAYED ITEMS	204,710	170,185	174,054	73,585	56,140	31
EXTRAORDINARY & DELAYED ITEMS - NET LESS TAX EFFECT	11,898-	6,432	12,600	917	2,541	32
NET INCOME	$ 192,812	$ 176,617	$ 186,654	$ 74,502	$ 58,681	33
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 755,917	$ 583,300	$ 400,646	$ 330,144	$ 275,463	34
TRANSFERRED FROM INCOME	192,812	176,617	186,654	74,502	58,681	35
MISCELLANEOUS CREDITS	-	-	-	-	-	36
MISCELLANEOUS DEBITS	-	-	-	-	-	37
APPROPRIATIONS	-	-	-	-	-	38
DIVIDENDS DECLARED-PREFERRED STOCK	4,000	-	-	-	-	39
-COMMON STOCK	-	4,000	4,000	4,000	4,000	40
BALANCE END OF YEAR	944,729	755,917	583,300	400,646	330,144	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 944,729	$ 755,917	$ 583,300	$ 400,646	$ 330,144	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME-PERCENT OF OPERATING REVENUES	13.9	14.0	15.1	7.2	6.1	44
PRETAX COVERAGE OF INTEREST CHARGES	5.0	4.2	4.2	2.2	1.7	45
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	-	2.2	2.1	5.3	6.8	46
RETURN ON COMMON EQUITY	20.2	23.5	32.6	16.7	15.3	47

GERMANTOWN TELEPHONE COMPANY, INC
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

TELEPHONE OPERATING REVENUES

LINE NO	ITEM	1987	1986	1985	1984	1983
1	LOCAL REVENUES	$ 453,160	$ 443,863	$ 348,679	$ 262,103	$ 244,633
2	ACCESS REVENUES	445,122	390,429	489,348	-	-
3	TOLL REVENUES	325,920	287,790	283,631	750,820	694,233
4	MISCELLANEOUS REVENUES	165,028	144,764	123,104	33,345	26,877
5	UNCOLLECTIBLE REVENUES-DR	10,671	8,067	14,506	12,336	15,331
6	TOTAL OPERATING REVENUES	$ 1,378,559	$ 1,258,779	$ 1,230,256	$ 1,033,932	$ 950,412
7	ACCESS LINES IN SERVICE	1,913	1,807	1,735	1,706	1,645

TELEPHONE OPERATING REVENUE RELATIONSHIPS

LINE NO	ITEM	1987	1986	1985	1984	1983
	REVENUE PER AVERAGE ACCESS LINE*					
8	LOCAL REVENUE	$ 243.63	$ 250.63	$ 202.66	$ 156.43	$ 148.80
9	ACCESS REVENUE	239.31	220.46	284.42		
10	TOLL REVENUE	175.23	162.50	164.85	448.12	422.28

*YEAR END AVERAGE

OPERATION AND MAINTENANCE EXPENSES

LINE NO	ITEM	1987	1986	1985	1984	1983
11	MAINTENANCE EXPENSES	$ 236,578	$ 228,857	$ 212,602	$ 218,000	$ 202,008
12	DEPRECIATION & AMORTIZATION	181,374	177,077	136,708	106,667	101,879
13	TRAFFIC EXPENSES	17,775	20,819	23,081	26,042	9,078
14	COMMERCIAL EXPENSES	65,250	60,905	61,016	57,109	56,463
15	ACCESS EXPENSES	-	-	-	-	-
16	GENERAL OFFICE SALARIES & EXPENSES	235,879	202,605	202,558	183,299	177,193
17	OTHER OPERATING EXPENSES	180,569	157,573	150,517	142,948	172,033
18	TOTAL O & M EXPENSES	$ 917,525	$ 847,836	$ 786,482	$ 734,065	$ 718,654

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GERMANTOWN TELEPHONE COMPANY, INC
DISTRIBUTION OF TELEPHONE REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
REVENUES	$ 1,378,559	$ 1,258,778	$ 1,230,256	$ 1,033,932	$ 950,412	1
ACCESS LINES - AVERAGE*	1,860	1,771	1,721	1,676	1,644	2
DOLLAR AMOUNTS						
WAGES AND BENEFITS	$ 379,570	$ 363,630	$ 354,366	$ 323,357	$ 287,875	3
OTHER OPERATION AND MAINTENANCE EXPENSES	356,581	307,129	295,408	304,041	328,900	4
DEPRECIATION AND AMORTIZATION EXPENSES	181,374	177,077	136,708	106,667	101,879	5
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	6
INCOME TAXES - OPERATING	110,207	87,230	100,598	35,545	8,072	7
OTHER TAXES - OPERATING	120,112	109,072	100,219	107,002	100,981	8
INTEREST CHARGES **	74,350	76,101	82,407	85,691	82,719	9
PREFERRED DIVIDENDS**	4,000	-	-	-	-	10
EARNINGS AVAILABLE FOR COMMON EQUITY	152,365	138,539	160,551	71,629	39,986	11
TOTAL	$ 1,378,559	$ 1,258,778	$ 1,230,256	$ 1,033,932	$ 950,412	12
PERCENT OF REVENUES						
WAGES AND BENEFITS	27 5	28 9	28 8	31 3	30 3	13
OTHER OPERATION AND MAINTENANCE EXPENSES	25 9	24 4	24 0	29 4	34 6	14
DEPRECIATION AND AMORTIZATION EXPENSES	13 2	14 1	11 1	10 3	10 7	15
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	16
INCOME TAXES - OPERATING	8 0	6 9	8 2	3 4	0 8	17
OTHER TAXES - OPERATING	8 7	8 7	8 1	10 3	10 6	18
INTEREST CHARGES**	5 4	6 0	6 7	8 3	8 7	19
PREFERRED DIVIDENDS **	0 3	-	-	-	-	20
EARNINGS AVAILABLE FOR COMMON EQUITY	11 1	11 0	13 1	6 9	4 2	21
TOTAL	100 0	100 0	100 0	100 0	100 0	22
DOLLARS PER AVERAGE ACCESS LINE PER MONTH						
WAGES AND BENEFITS	$ 17 01	$ 17 11	$ 17 16	$ 16 08	$ 14 59	23
OTHER OPERATION AND MAINTENANCE EXPENSES	15 98	14 45	14 31	15 12	16 67	24
DEPRECIATION AND AMORTIZATION EXPENSES	8 13	8 33	6 62	5 31	5 16	25
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	26
INCOME TAXES - OPERATING	4 94	4 10	4 87	1 77	0 41	27
OTHER TAXES - OPERATING	5 38	5 13	4 85	5 32	5 12	28
INTEREST CHARGES **	3 33	3 58	3 99	4 26	4 19	29
PREFERRED DIVIDENDS **	0 18	-	-	-	-	30
EARNINGS AVAILABLE FOR COMMON EQUITY	6 83	6 52	7 78	3 56	2 03	31
TOTAL	$ 61 76	$ 59 23	$ 59 59	$ 51 42	$ 48 18	32

* YEAR END AVERAGE

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HANCOCK TELEPHONE COMPANY, THE
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF TELEPHONE PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	TELEPHONE PLANT	$ 2,372,732	$ 2,374,523	$ 2,416,284	$ 2,080,778	$ 1,990,097
2	ACCUM PROV FOR DEPR & AMORT	474,748	920,792	946,385	823,483	696,941
3	NET TELEPHONE PLANT	1,897,984	1,453,731	1,469,899	1,257,295	1,293,156
4	INVESTMENTS IN AFFILIATED COMPANIES	-	-	-	-	-
5	ADVANCES TO AFFILIATED COMPANIES	-	-	-	-	-
6	MISCELLANEOUS PHYSICAL PROPERTY	16,213	13,180	9,710	7,422	5,749
7	OTHER INVESTMENTS AND FUNDS	64,300	52,800	40,800	35,800	32,800
8	TOTAL INVESTMENTS AND FUNDS	80,513	65,980	50,510	43,222	38,549
9	CASH AND WORKING FUNDS	693	4,199	949	423	4,280
10	SPECIAL CASH DEPOSITS	123,669	102,573	115,655	44,452	105,781
11	TEMPORARY CASH INVESTMENTS	-	-	-	182,303	-
12	NOTES & ACCT'S REC -AFFILIATED CO'S	-	-	-	-	-
13	OTHER NOTES AND ACCOUNTS RECEIVABLE	144,525	110,799	102,114	116,133	38,904
14	DUE - CUST. & AGENTS LESS ACCUM PROV - UNCOLLECTIBLE ACCTS	94,407	101,728	93,924	85,800	61,646
15	MATERIALS AND SUPPLIES	36,272	63,987	27,582	31,634	27,935
16	MERCH AND MATERIAL HELD FOR SALE	1,904	2,355	1,931	-	-
17	PREPAYMENTS	34,685	44,332	40,229	44,303	49,086
18	OTHER CURRENT AND ACCRUED ASSETS	17,600	16,552	15,211	12,916	11,711
19	TOTAL CURRENT AND ACCRUED ASSETS	453,755	446,575	397,595	517,964	299,343
20	UNAMORTIZED DEBT DISCOUNT AND EXPENSE	23,458	9,421	9,806	10,192	10,577
21	EXTRAORDINARY MAINTENANCE & RETIREMENTS	92	-	-	-	-
22	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
23	OTHER DEFERRED DEBITS	-	2,157	2,414	4,072	5,696
24	TOTAL DEFERRED DEBITS	23,550	11,578	12,220	14,264	16,273
25	TOTAL ASSETS AND OTHER DEBITS	2,455,802	$ 1,977,814	$ 1,930,224	$ 1,832,745	$ 1,647,321
	TELEPHONE PLANT					
26	PLANT IN SERVICE	$ 2,297,876	$ 2,268,568	$ 2,286,692	$ 1,974,531	$ 1,899,635
27	PLANT UNDER CONSTRUCTION	2,397	32,821	55,648	31,493	14,898
28	PROPERTY HELD FOR FUTURE USE	-	-	-	-	-
29	PLANT ACQUISITION ADJUSTMENTS	-	675	1,485	2,295	3,105
30	PLANT ADJUSTMENTS	72,459	72,459	72,459	72,459	72,459
31	TOTAL TELEPHONE UTILITY PLANT	2,372,732	2,374,523	2,416,284	2,080,778	1,990,097
32	ACCUM PROV FOR DEPR AND AMORT	474,748	920,792	946,385	823,483	696,941
33	NET TELEPHONE PLANT	1,897,984	1,453,731	1,469,899	1,257,295	1,293,156
	PLANT IN SERVICE					
34	BEGINNING OF YEAR	2,268,568	2,286,692	1,974,531	1,899,635	1,757,197
35	ADDITIONS	677,894	157,376	357,334	103,028	159,649
36	RETIREMENTS	648,586	175,521	45,173	28,132	17,030
37	TRANSFERS AND ADJUSTMENTS	-	21	-	-	181-
38	END OF YEAR	$ 2,297,876	$ 2,268,568	$ 2,286,692	$ 1,974,531	$ 1,899,635

HANCOCK TELEPHONE COMPANY, THE
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 60,000	$ 60,000	$ 60,000	$ 60,000	$ 60,000	1
PREFERRED CAPITAL STOCK	-	-	-	-	-	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	707,952	619,613	552,501	466,223	396,333	9
TOTAL PROPRIETARY CAPITAL	767,952	679,613	612,501	526,223	456,333	10
BONDS(LESS BONDS REACQUIRED)	967,028	983,724	999,389	1,013,876	1,069,165	11
ADVANCES FROM AFFILIATED COMPANIES	-	-	-	-	-	12
OTHER LONG-TERM DEBT	43,202	52,140	61,079	70,017	-	13
TOTAL LONG-TERM DEBT	1,010,230	1,035,864	1,060,468	1,083,893	1,069,165	14
NOTES & ACCTS PAY TO AFFILIATED CO'S	-	-	-	-	-	15
OTHER NOTES AND ACCOUNTS PAYABLE	470,411	76,386	84,437	93,752	14,740	16
CUSTOMERS' DEPOSITS	2,309	2,309	2,734	7,934	7,235	17
ADVANCE BILLING AND PAYMENTS	13,105	11,665	13,335	13,170	11,435	18
TAXES ACCRUED	3,783	638	4,559	7,592	7,377	19
OTHER CURRENT AND ACCRUED LIABILITIES	18,899	9,795	10,184	9,397	9,613	20
TOTAL CURRENT AND ACCRUED LIABILITIES	506,507	100,793	115,249	131,845	50,400	21
UNAMORTIZED PREMIUM ON DEBT	-	-	-	-	-	22
ACCUM. DEFERRED INVESTMENT TAX CREDITS	102,298	104,769	105,319	64,064	44,906	23
OTHER DEFERRED CREDITS	9,321	3,452	2,175	1,122	288	24
TOTAL DEFERRED CREDITS	111,619	108,221	107,494	65,186	45,194	25
OPERATING RESERVES	-	-	-	-	-	26
ACCUM. DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION	52,472	51,468	34,095	24,704	24,791	27
ACCUM. DEFERRED INCOME TAXES - OTHER	5,022	1,855	417	894	1,438	28
TOTAL LIABILITIES AND OTHER CREDITS	$ 2,455,802	$ 1,977,814	$ 1,930,224	$ 1,832,745	$ 1,647,321	29
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS/CURRENT LIABILITIES	0 89	4 43	3 45	3 93	5 94	30
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	56 8	60 3	63 3	67 3	70 0	31
PREFERRED STOCK	-	-	-	-	-	32
COMMON STOCK & OTHER PAID-IN CAPITAL	3 3	3 4	3 5	3 7	3 9	33
RETAINED EARNINGS	39 8	36 1	33 0	28 9	25 9	34
LONG TERM DEBT % OF GROSS UTILITY PLANT	42 5	43 6	43 8	52 0	53 7	35
ACCUM. PROV. FOR DEPR & AMORT. %OF UTIL. PLT	20 0	38 7	39 1	39 5	35 0	36

HANCOCK TELEPHONE COMPANY, THE
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL					
1	NET INCOME	$ 93,236	$ 83,902	$ 101,691	$ 80,690	$ 33,131
2	DEPRECIATION AND AMORTIZATION	121,213	142,107	147,620	153,709	139,198
3	DEFERRED INCOME TAXES (NET)	4,836	18,261	50,169	18,527	3,315
4	INTEREST CAPITALIZED	-	-	-	-	-
5	OTHER (NET)	2,733	1,277	1,053	834	-
6	SUBTOTAL	222,018	245,547	300,533	253,760	175,644
7	EXTRAORDINARY ITEMS	7,103	4,790-	2,587	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	229,121	240,757	303,120	253,760	175,644
9	LESS DIVIDENDS: PREFERRED	-	-	-	-	-
	COMMON	12,000	12,000	18,000	10,800	10,800
11	NET FUNDS - INTERNAL SOURCES	217,121	228,757	285,120	242,960	164,844
	EXTERNAL					
12	LONG TERM DEBT	-	-	-	37,000	80,445
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	370,000	-	-	-	-
17	OTHER (NET)	-	-	-	-	-
18	TOTAL FUNDS - EXTERNAL SOURCES	370,000	-	-	37,000	80,445
	OTHER SOURCES					
19	NET DECREASE IN WORKING CAPITAL	21,137	-	99,699	-	-
20	OTHER	94,307	3,187	27,383	8,924	5,721
21	TOTAL FUNDS PROVIDED	$ 702,565	$ 231,944	$ 412,202	$ 288,884	$ 251,010
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
22	TELEPHONE PLANT	$ 647,495	$ 134,549	$ 381,489	$ 119,623	$ 174,366
23	NON-UTILITY PLANT	3,033	3,470	2,288	1,673	5,749
24	OTHER	-	-	-	-	-
25	TOTAL CONSTRUCTION	650,528	138,019	383,777	121,296	180,115
26	LESS INTEREST CAPITALIZED	-	-	-	-	-
27	TOTAL EXCLUDING INTEREST CAPITALIZED	650,528	138,019	383,777	121,296	180,115
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	25,634	24,604	23,425	22,272	14,028
29	PREFERRED STOCK	-	-	-	-	-
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	-	-	-	-
32	OTHER (NET)	-	-	-	-	-
33	TOTAL RETIREMENT OF SECURITIES	25,634	24,604	23,425	22,272	14,028
	OTHER USES					
34	NET INCREASE IN WORKING CAPITAL	-	59,283	-	141,959	27,155
35	OTHER	26,403	10,038	5,000	3,357	29,712
36	TOTAL FUNDS APPLIED	$ 702,565	$ 231,944	$ 412,202	$ 288,884	$ 251,010

HANCOCK TELEPHONE COMPANY, THE
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM		1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS							
TELEPHONE OPERATING INCOME							
OPERATING REVENUES	$	1,035,467 $	950,181 $	877,385 $	851,056 $	703,307	1
OPERATION AND MAINTENANCE EXPENSE		614,005	548,191	450,729	471,315	404,382	2
EXTRAORDINARY RETIREMENTS		-	-	-	-	-	3
DEPRECIATION		120,902	139,388	133,363	132,283	120,470	4
AMORTIZATION		-	-	-	-	-	5
TAXES OTHER THAN INCOME TAXES-OPERATING		95,060	98,091	88,545	95,213	83,851	6
INCOME TAXES-OPERATING		6,639	270-	43,325	19,192	1,022	7
OPERATING INCOME TAXES DEFERRED		19,848	19,151	222-	2,472	3,296	8
INCOME TAXES DEFERRED IN PRIOR YEARS-CR		13,014-	340-	9,136	3,103-	1,003-	9
TOTAL OPERATING EXPENSES		843,440	804,211	724,876	717,372	612,018	10
TOTAL TELEPHONE OPERATING INCOME		192,027	145,970	152,509	133,684	91,289	11
OTHER INCOME							
DIVIDEND INCOME		-	-	-	-	-	12
INTEREST INCOME		9,061	7,432	15,462	16,589	9,149	13
ALLOWANCE FOR CONSTRUCTION FUNDS		-	-	-	-	-	14
INCOME FROM SINKING AND OTHER FUNDS		-	-	-	-	-	15
INCOME FROM MISC PHYSICAL PROPERTY		-	-	215-	1,015-	-	16
MISCELLANEOUS INCOME		204	7,675	9,109	5,985	1,728	17
TOTAL OTHER INCOME		9,265	15,107	24,356	21,559	10,877	18
TOTAL INCOME		201,292	161,077	176,865	155,243	102,166	19
INCOME DEDUCTIONS							
TAXES OTHER THAN INC TAXES-NONOPERATING		1,338	-	-	-	-	20
INCOME TAXES-NONOPERATING		-	-	-	-	-	21
MISCELLANEOUS INCOME CHARGES		7,347	7,189	3,735	1,723	830	22
TOTAL INCOME DEDUCTIONS		8,685	7,189	3,735	1,723	830	23
INCOME BEFORE INTEREST CHARGES		192,607	153,888	173,130	153,520	101,336	24
INTEREST CHARGES							
INTEREST ON LONG-TERM DEBT		67,867	69,377	70,772	71,700	67,138	25
AMORT OF DEBT DISCOUNT AND EXPENSE		385	385	385	385	385	26
AMORT OF PREMIUM ON DEBT-CREDIT		-	-	-	-	-	27
INTEREST ON DEBT TO ASSOCIATED COMPANIES		-	-	-	-	-	28
OTHER INTEREST EXPENSE		31,119	224	282	745	682	29
TOTAL INTEREST CHARGES		99,371	69,986	71,439	72,830	68,205	30
INCOME BEFORE EXTRAORDINARY/DELAYED ITEMS		93,236	83,902	101,691	80,690	33,131	31
EXTRAORDINARY & DELAYED ITEMS - NET LESS TAX EFFECT		7,103	4,790-	2,587	-	-	32
NET INCOME	$	100,339 $	79,112 $	104,278 $	80,690 $	33,131	33
RETAINED EARNINGS							
BEGINNING OF YEAR	$	619,613 $	552,501 $	466,223 $	396,333 $	374,002	34
TRANSFERRED FROM INCOME		100,339	79,112	104,278	80,690	33,131	35
MISCELLANEOUS CREDITS		-	-	-	-	-	36
MISCELLANEOUS DEBITS		-	-	-	-	-	37
APPROPRIATIONS		-	-	-	-	-	38
DIVIDENDS DECLARED-PREFERRED STOCK		-	-	-	-	-	39
-COMMON STOCK		12,000	12,000	18,000	10,800	10,800	40
BALANCE END OF YEAR		707,952	619,613	552,501	466,223	396,333	41
APPROPRIATED RETAINED EARNINGS		-	-	-	-	-	42
TOTAL END OF YEAR	$	707,952 $	619,613 $	552,501 $	466,223 $	396,333	43
SELECTED INCOME ACCOUNT RELATIONSHIPS							
NET INCOME-PERCENT OF OPERATING REVENUES		9.6	8.3	11.8	9.4	4.7	44
PRETAX COVERAGE OF INTEREST CHARGES		2.1	2.5	3.2	2.4	1.5	45
COMMON STOCK DIVIDENDS AS A % OF EARNINGS		11.9	15.1	17.2	13.3	32.5	46
RETURN ON COMMON EQUITY		13.8	12.2	18.3	16.4	7.4	47

221E

HANCOCK TELEPHONE COMPANY, THE
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	TELEPHONE OPERATING REVENUES					
1	LOCAL REVENUES	$ 220,883	$ 223,544	$ 236,524	$ 232,036	$ 213,583
2	ACCESS REVENUES	309,636	291,132	262,248	-	-
3	TOLL REVENUES	396,060	334,278	279,209	595,474	481,708
4	MISCELLANEOUS REVENUES	113,728	102,427	100,004	24,146	14,016
5	UNCOLLECTIBLE REVENUES-DR	4,840	1,200	600	600	6,000
6	TOTAL OPERATING REVENUES	$ 1,035,467	$ 950,181	$ 877,385	$ 851,056	$ 703,307
7	ACCESS LINES IN SERVICE	1,320	1,340	1,296	1,262	1,254
	TELEPHONE OPERATING REVENUE RELATIONSHIPS					
	REVENUE PER AVERAGE ACCESS LINE*					
8	LOCAL REVENUE	$ 166.08	$ 169.61	$ 184.93	$ 184.45	$ 169.91
9	ACCESS REVENUE	232.81	220.89	205.04		
10	TOLL REVENUE	297.79	253.63	218.30	473.35	383.22

*YEAR END AVERAGE

LINE NO	ITEM	1987	1986	1985	1984	1983
	OPERATION AND MAINTENANCE EXPENSES					
11	MAINTENANCE EXPENSES	$ 136,483	$ 132,649	$ 100,810	$ 101,835	$ 104,895
12	DEPRECIATION & AMORTIZATION	120,902	139,388	133,363	132,283	120,470
13	TRAFFIC EXPENSES	26,914	27,653	26,016	30,109	5,808
14	COMMERCIAL EXPENSES	33,594	35,310	33,452	39,155	34,145
15	ACCESS EXPENSES	-	-	-	-	-
16	GENERAL OFFICE SALARIES & EXPENSES	233,247	201,023	167,854	185,608	129,914
17	OTHER OPERATING EXPENSES	183,767	151,556	122,597	114,608	129,620
18	TOTAL O & M EXPENSES	$ 734,907	$ 687,579	$ 584,092	$ 603,598	$ 524,852

HANCOCK TELEPHONE COMPANY, THE
DISTRIBUTION OF TELEPHONE REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
REVENUES	$ 1,035,467	$ 950,181	$ 877,385	$ 851,056	$ 703,307	1
ACCESS LINES - AVERAGE*	1,330	1,318	1,279	1,258	1,257	2
DOLLAR AMOUNTS						
WAGES AND BENEFITS	$ 310,391	$ 276,199	$ 239,164	$ 252,637	$ 245,906	3
OTHER OPERATION AND MAINTENANCE EXPENSES	303,614	271,992	211,565	218,678	158,476	4
DEPRECIATION AND AMORTIZATION EXPENSES	120,902	139,388	133,363	132,283	120,470	5
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	6
INCOME TAXES - OPERATING	13,473	18,541	52,239	18,561	3,315	7
OTHER TAXES - OPERATING	95,060	98,091	88,545	95,213	83,851	8
INTEREST CHARGES **	99,371	69,986	71,439	72,830	68,205	9
PREFERRED DIVIDENDS**	-	-	-	-	-	10
EARNINGS AVAILABLE FOR COMMON EQUITY	92,656	75,984	81,070	60,854	23,084	11
TOTAL	$ 1,035,467	$ 950,181	$ 877,385	$ 851,056	$ 703,307	12
PERCENT OF REVENUES						
WAGES AND BENEFITS	30.0	29.1	27.3	29.7	35.0	13
OTHER OPERATION AND MAINTENANCE EXPENSES	29.3	28.6	24.1	25.7	22.5	14
DEPRECIATION AND AMORTIZATION EXPENSES	11.7	14.7	15.2	15.5	17.1	15
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	16
INCOME TAXES - OPERATING	1.3	2.0	6.0	2.2	0.5	17
OTHER TAXES - OPERATING	9.2	10.3	10.1	11.2	11.9	18
INTEREST CHARGES**	9.6	7.4	8.1	8.6	9.7	19
PREFERRED DIVIDENDS **	-	-	-	-	-	20
EARNINGS AVAILABLE FOR COMMON EQUITY	8.9	8.0	9.2	7.2	3.3	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
DOLLARS PER AVERAGE ACCESS LINE PER MONTH						
WAGES AND BENEFITS	$ 19.45	$ 17.46	$ 15.58	$ 16.74	$ 16.30	23
OTHER OPERATION AND MAINTENANCE EXPENSES	19.02	17.20	13.78	14.49	10.51	24
DEPRECIATION AND AMORTIZATION EXPENSES	7.58	8.81	8.69	8.76	7.99	25
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	26
INCOME TAXES - OPERATING	0.84	1.17	3.40	1.23	0.22	27
OTHER TAXES - OPERATING	5.96	6.20	5.77	6.31	5.56	28
						29
INTEREST CHARGES **	6.23	4.43	4.65	4.82	4.52	
PREFERRED DIVIDENDS **	-	-	-	-	-	30
EARNINGS AVAILABLE FOR COMMON EQUITY	5.81	4.80	5.28	4.03	1.53	31
TOTAL	$ 64.88	$ 60.08	$ 57.17	$ 56.38	$ 46.63	32

* YEAR END AVERAGE

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HIGHLAND TELEPHONE COMPANY
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF TELEPHONE PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	TELEPHONE PLANT	$ 77,668,506	$ 70,287,035	$ 63,835,406	$ 58,530,772	$ 52,531,561
2	ACCUM PROV FOR DEPR & AMORT	19,944,517	17,433,173	16,676,775	16,645,247	17,600,414
3	NET TELEPHONE PLANT	57,723,989	52,853,862	47,158,631	41,885,525	34,931,147
4	INVESTMENTS IN AFFILIATED COMPANIES	-	-	-	-	-
5	ADVANCES TO AFFILIATED COMPANIES	-	-	-	-	-
6	MISCELLANEOUS PHYSICAL PROPERTY	91,065	87,830	71,407	-	-
7	OTHER INVESTMENTS AND FUNDS	-	-	-	-	-
8	TOTAL INVESTMENTS AND FUNDS	91,065	87,830	71,407	-	-
9	CASH AND WORKING FUNDS	2,025,950	585,225	209,590	273,892	3,994
10	SPECIAL CASH DEPOSITS	1,000	1,000	1,000	28,459	1,000
11	TEMPORARY CASH INVESTMENTS	-	-	-	-	-
12	NOTES & ACCT'S REC -AFFILIATED CO'S	1,619,266	1,153,107	131,986	62,773	14,348
13	OTHER NOTES AND ACCOUNTS RECEIVABLE	108,345	181,638	678,016	578,623	533,152
14	DUE - CUST & AGENTS LESS ACCUM PROV. - UNCOLLECTIBLE ACCTS	2,916,773	2,983,139	3,319,176	3,317,865	3,795,721
15	MATERIALS AND SUPPLIES	504,892	961,869	1,093,688	1,085,806	850,593
16	MERCH AND MATERIAL HELD FOR SALE	214,451	212,736	201,733	-	193,348
17	PREPAYMENTS	580,332	564,033	535,796	499,680	616,827
18	OTHER CURRENT AND ACCRUED ASSETS	-	-	-	192,046	-
19	TOTAL CURRENT AND ACCRUED ASSETS	7,971,009	6,642,747	6,170,985	6,039,144	6,008,983
20	UNAMORTIZED DEBT DISCOUNT AND EXPENSE	139,199	154,869	170,699	186,690	202,844
21	EXTRAORDINARY MAINTENANCE & RETIREMENTS	-	-	-	-	-
22	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
23	OTHER DEFERRED DEBITS	460,103	525,478	662,080	896,317	506,456
24	TOTAL DEFERRED DEBITS	599,302	680,347	832,779	1,083,007	709,300
25	TOTAL ASSETS AND OTHER DEBITS	66,385,365	$ 60,264,786	$ 54,233,802	$ 49,007,676	$ 41,649,430
	TELEPHONE PLANT					
26	PLANT IN SERVICE	$ 75,090,610	$ 66,820,081	$ 61,035,914	$ 54,527,628	$ 50,863,426
27	PLANT UNDER CONSTRUCTION	2,491,627	3,384,235	2,717,183	3,932,688	1,627,454
28	PROPERTY HELD FOR FUTURE USE	86,269	82,719	82,309	70,456	40,681
29	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
30	PLANT ADJUSTMENTS	-	-	-	-	-
31	TOTAL TELEPHONE UTILITY PLANT	77,668,506	70,287,035	63,835,406	58,530,772	52,531,561
32	ACCUM PROV FOR DEPR AND AMORT	19,944,517	17,433,173	16,676,775	16,645,247	17,600,414
33	NET TELEPHONE PLANT	57,723,989	52,853,862	47,158,631	41,885,525	34,931,147
	PLANT IN SERVICE					
34	BEGINNING OF YEAR	66,820,081	61,035,914	54,527,628	50,863,426	48,232,108
35	ADDITIONS	10,812,391	9,847,299	11,244,684	9,141,964	3,987,256
36	RETIREMENTS	2,541,862	4,060,504	4,736,398	5,481,244	1,355,938
37	TRANSFERS AND ADJUSTMENTS	-	2,628-	-	3,482	-
38	END OF YEAR	$ 75,090,610	$ 66,820,081	$ 61,035,914	$ 54,527,628	$ 50,863,426

HIGHLAND TELEPHONE COMPANY
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 2,280,411	$ 2,280,411	$ 2,280,411	$ 2,280,411	$ 2,280,411	1
PREFERRED CAPITAL STOCK	2,557,400	2,565,400	2,573,400	2,581,400	2,589,400	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	688,593	688,593	688,593	688,593	688,593	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	7,000,000	7,000,000	7,000,000	7,000,000	3,500,000	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	16,883,330	14,950,269	13,098,808	11,590,794	10,580,792	9
TOTAL PROPRIETARY CAPITAL	29,409,734	27,484,673	25,641,212	24,141,198	19,639,196	10
BONDS (LESS BONDS REACQUIRED)	12,740,000	12,872,500	13,005,000	13,137,500	13,878,000	11
ADVANCES FROM AFFILIATED COMPANIES	-	1,500,000	1,500,000	1,600,000	2,000,000	12
OTHER LONG-TERM DEBT	1,500,000	-	-	-	-	13
TOTAL LONG-TERM DEBT	14,240,000	14,372,500	14,505,000	14,737,500	15,878,000	14
NOTES & ACCTS PAY TO AFFILIATED CO'S	1,451,112	510,593	1,410,999	1,827,207	153,833	15
OTHER NOTES AND ACCOUNTS PAYABLE	10,807,720	8,165,769	4,762,331	2,017,895	554,163	16
CUSTOMERS' DEPOSITS	334,527	253,568	179,446	167,993	164,584	17
ADVANCE BILLING AND PAYMENTS	246,400	228,742	209,145	219,624	121,562	18
TAXES ACCRUED	504,263	399,428	302,324	476,544	936,432	19
OTHER CURRENT AND ACCRUED LIABILITIES	357,243	992,171	898,036	995,244	775,920	20
TOTAL CURRENT AND ACCRUED LIABILITIES	13,701,265	10,550,271	7,762,281	5,704,507	2,706,494	21
UNAMORTIZED PREMIUM ON DEBT	-	-	-	-	-	22
ACCUM. DEFERRED INVESTMENT TAX CREDITS	2,614,370	2,812,470	2,667,070	1,922,070	1,289,670	23
OTHER DEFERRED CREDITS	54,506	44,764	35,931	16,593	62	24
TOTAL DEFERRED CREDITS	2,668,876	2,857,234	2,703,001	1,938,663	1,289,732	25
OPERATING RESERVES	53,000	40,000	50,000	-	-	26
ACCUM. DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION	5,753,775	4,761,572	3,364,372	2,418,572	2,083,972	27
ACCUM. DEFERRED INCOME TAXES - OTHER	558,715	198,536	207,936	67,236	72,036	28
TOTAL LIABILITIES AND OTHER CREDITS	$ 66,385,365	$ 60,264,786	$ 54,233,802	$ 49,007,676	$ 41,649,430	29
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS/CURRENT LIABILITIES	0.58	0.63	0.79	1.06	2.22	30
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	32.6	34.3	36.1	37.9	44.7	31
PREFERRED STOCK	5.8	6.1	6.4	6.6	7.2	32
COMMON STOCK & OTHER PAID-IN CAPITAL	22.8	23.8	24.8	25.6	18.2	33
RETAINED EARNINGS	38.6	35.7	32.6	29.8	29.7	34
LONG TERM DEBT % OF GROSS UTILITY PLANT	18.3	20.4	22.7	25.1	30.2	35
ACCUM. PROV. FOR DEPR & AMORT. %OF UTIL. PLT	25.6	24.8	26.1	28.4	33.5	36

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HIGHLAND TELEPHONE COMPANY
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
				SOURCES OF FUNDS		
	INTERNAL					
1	NET INCOME	$ 4,773,452	$ 4,797,838	$ 3,932,901	$ 2,863,035	$ 2,523,177
2	DEPRECIATION AND AMORTIZATION	4,998,490	4,701,699	4,487,898	4,221,971	3,495,470
3	DEFERRED INCOME TAXES (NET)	1,154,282	1,533,200	1,831,500	982,200	557,899
4	INTEREST CAPITALIZED	207,985-	251,314-	200,456-	155,073-	61,831-
5	OTHER (NET)	88,117	145,435	303,575	133,679	62,194
6	SUBTOTAL	10,806,356	10,926,858	10,355,418	8,045,812	6,576,909
7	EXTRAORDINARY ITEMS	-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	10,806,356	10,926,858	10,355,418	8,045,812	6,576,909
9	LESS DIVIDENDS PREFERRED	163,650	164,276	164,747	165,508	166,156
	COMMON	2,676,741	2,782,101	2,260,140	1,687,525	1,358,107
11	NET FUNDS - INTERNAL SOURCES	7,965,965	7,980,481	7,930,531	6,192,779	5,052,646
	EXTERNAL					
12	LONG TERM DEBT	-	-	-	-	1,429,500
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	400,000	2,500,000	3,100,000	-	-
17	OTHER (NET)	-	-	-	3,500,000	-
18	TOTAL FUNDS - EXTERNAL SOURCES	400,000	2,500,000	3,100,000	3,500,000	1,429,500
	OTHER SOURCES					
19	NET DECREASE IN WORKING CAPITAL	1,439,031	-	-	2,850,705	-
20	OTHER	-	-	-	-	-
21	TOTAL FUNDS PROVIDED	$ 9,804,996	$ 10,480,481	$ 11,030,531	$ 12,543,484	$ 6,482,146
				USES OF FUNDS		
	CONSTRUCTION EXPENDITURES					
22	TELEPHONE PLANT	$ 9,852,947	$ 10,381,099	$ 9,745,012	$ 11,160,195	$ 4,162,493
23	NON-UTILITY PLANT	-	-	-	-	-
24	OTHER	-	-	-	-	-
25	TOTAL CONSTRUCTION	9,852,947	10,381,099	9,745,012	11,160,195	4,162,493
26	LESS INTEREST CAPITALIZED	207,985	251,314	200,456	155,073	61,831
27	TOTAL EXCLUDING INTEREST CAPITALIZED	9,644,962	10,129,785	9,544,556	11,005,122	4,100,662
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	132,500	132,500	132,500	740,500	-
29	PREFERRED STOCK	-	8,000	8,000	8,000	8,000
30	REDEMPTION OF CAPITAL STOCK	8,000	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	-	-	-	-
32	OTHER (NET)	19,534	54,660	107,524	389,862	-
33	TOTAL RETIREMENT OF SECURITIES	160,034	195,160	248,024	1,138,362	8,000
	OTHER USES					
34	NET INCREASE IN WORKING CAPITAL	-	155,536	100,000	-	1,073,905
35	OTHER	-	-	1,137,951	400,000	1,299,579
36	TOTAL FUNDS APPLIED	$ 9,804,996	$ 10,480,481	$ 11,030,531	$ 12,543,484	$ 6,482,146

HIGHLAND TELEPHONE COMPANY
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
TELEPHONE OPERATING INCOME						
OPERATING REVENUES	$ 27,559,491	$ 26,208,507	$ 25,480,452	$ 23,219,676	$ 21,210,224	1
OPERATION AND MAINTENANCE EXPENSE	10,519,593	9,805,731	10,518,894	9,461,803	8,976,775	2
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	3
DEPRECIATION	4,982,820	4,685,868	4,471,906	4,205,817	3,480,559	4
AMORTIZATION	-	-	-	-	-	5
TAXES OTHER THAN INCOME TAXES-OPERATING	2,803,477	2,559,121	2,634,592	2,867,034	2,674,940	6
INCOME TAXES-OPERATING	2,102,685	1,901,084	2,026,399	2,248,701	1,883,973	7
OPERATING INCOME TAXES DEFERRED	1,400,000	1,592,200	1,148,600	576,400	567,900	8
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	262,797-	204,400-	211,000-	226,600-	242,800-	9
TOTAL OPERATING EXPENSES	21,545,778	20,339,604	20,589,391	19,133,155	17,341,347	10
TOTAL TELEPHONE OPERATING INCOME	6,013,713	5,868,903	4,891,061	4,086,521	3,868,877	11
OTHER INCOME						
DIVIDEND INCOME	-	-	-	-	-	12
INTEREST INCOME	114,632	26,256	-	363	15	13
ALLOWANCE FOR CONSTRUCTION FUNDS	207,985	251,314	200,456	155,073	61,831	14
INCOME FROM SINKING AND OTHER FUNDS	-	-	-	-	-	15
INCOME FROM MISC PHYSICAL PROPERTY	-	-	-	-	-	16
MISCELLANEOUS INCOME	314,320	335,358	357,976	333,035	71,582	17
TOTAL OTHER INCOME	636,937	612,928	558,432	488,471	133,428	18
TOTAL INCOME	6,650,650	6,481,831	5,449,493	4,574,992	4,002,305	19
INCOME DEDUCTIONS						
TAXES OTHER THAN INC TAXES-NONOPERATING	15,532	12,817	16,432	21,790	36,231	20
INCOME TAXES-NONOPERATING	36,886	7,827-	39,749	60,285	52,357-	21
MISCELLANEOUS INCOME CHARGES	58,506	107,465	29,085	28,053	41,285	22
TOTAL INCOME DEDUCTIONS	110,924	112,455	85,266	110,128	25,159	23
INCOME BEFORE INTEREST CHARGES	6,539,726	6,369,376	5,364,227	4,464,864	3,977,146	24
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	1,190,457	1,201,127	1,211,798	1,222,467	1,187,905	25
AMORT OF DEBT DISCOUNT AND EXPENSE	15,670	15,831	15,994	16,154	14,911	26
AMORT OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	27
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	28
OTHER INTEREST EXPENSE	560,147	354,580	203,534	363,208	251,153	29
TOTAL INTEREST CHARGES	1,766,274	1,571,538	1,431,326	1,601,829	1,453,969	30
INCOME BEFORE EXTRAORDINARY/DELAYED ITEMS	4,773,452	4,797,838	3,932,901	2,863,035	2,523,177	31
EXTRAORDINARY & DELAYED ITEMS - NET LESS TAX EFFECT	-	-	-	-	-	32
NET INCOME	$ 4,773,452	$ 4,797,838	$ 3,932,901	$ 2,863,035	$ 2,523,177	33
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 14,950,269	$ 13,098,808	$ 11,590,794	$ 10,580,792	$ 9,581,878	34
TRANSFERRED FROM INCOME	4,773,452	4,797,838	3,932,901	2,863,035	2,523,177	35
MISCELLANEOUS CREDITS	-	-	-	-	-	36
MISCELLANEOUS DEBITS	-	-	-	-	-	37
APPROPRIATIONS	-	-	-	-	-	38
DIVIDENDS DECLARED-PREFERRED STOCK	163,650	164,276	164,747	165,508	166,156	39
-COMMON STOCK	2,676,741	2,782,101	2,260,140	1,687,525	1,358,107	40
BALANCE END OF YEAR	16,883,330	14,950,269	13,098,808	11,590,794	10,580,792	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 16,883,330	$ 14,950,269	$ 13,098,808	$ 11,590,794	$ 10,580,792	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME-PERCENT OF OPERATING REVENUES	17 3	18 3	15 4	12 3	11 8	44
PRETAX COVERAGE OF INTEREST CHARGES	5 4	6 0	5 7	4 4	4 1	45
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	58 0	60 0	59 9	62 5	57 6	46
RETURN ON COMMON EQUITY	17 8	19 3	16 8	13 9	14 2	47

HIGHLAND TELEPHONE COMPANY
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	TELEPHONE OPERATING REVENUES					
1	LOCAL REVENUES	$ 8,007,716	$ 8,012,747	$ 7,875,647	$ 7,059,933	$ 6,191,467
2	ACCESS REVENUES	10,626,585	10,019,191	-	-	-
3	TOLL REVENUES	5,654,729	5,919,651	16,415,441	15,250,313	14,205,958
4	MISCELLANEOUS REVENUES	3,475,252	2,514,196	1,415,299	1,115,353	994,784
5	UNCOLLECTIBLE REVENUES-DR	204,786	257,278	225,935	205,923	181,985
6	TOTAL OPERATING REVENUES	$ 27,559,491	$ 26,208,507	$ 25,480,452	$ 23,219,676	$ 21,210,224
7	ACCESS LINES IN SERVICE	44,704	42,191	39,410	36,602	35,329
	TELEPHONE OPERATING REVENUE RELATIONSHIPS					
	REVENUE PER AVERAGE ACCESS LINE*					
8	LOCAL REVENUE	$ 184.31	$ 196.39	$ 207.22	$ 196.30	$ 178.40
9	ACCESS REVENUE	244.58	245.57	-		
10	TOLL REVENUE	130.15	145.09	431.92	424.03	409.32

*YEAR END AVERAGE

LINE NO	ITEM	1987	1986	1985	1984	1983
	OPERATION AND MAINTENANCE EXPENSES					
11	MAINTENANCE EXPENSES	$ 4,228,138	$ 4,133,532	$ 4,019,427	$ 3,632,344	$ 3,443,215
12	DEPRECIATION & AMORTIZATION	4,982,820	4,685,868	4,471,906	4,205,817	3,480,559
13	TRAFFIC EXPENSES	342,411	190,633	1,160,973	1,702,671	1,637,681
14	COMMERCIAL EXPENSES	1,694,704	1,560,409	1,370,443	1,241,997	1,138,663
15	ACCESS EXPENSES	-	-	-	-	-
16	GENERAL OFFICE SALARIES & EXPENSES	2,006,937	2,037,604	1,886,643	1,539,038	1,314,786
17	OTHER OPERATING EXPENSES	2,247,403	1,883,553	2,081,408	1,345,753	1,442,430
18	TOTAL O & M EXPENSES	$ 15,502,413	$ 14,491,599	$ 14,990,800	$ 13,667,620	$ 12,457,334

HIGHLAND TELEPHONE COMPANY
DISTRIBUTION OF TELEPHONE REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
REVENUES	$ 27,559,491	$ 26,208,507	$ 25,480,452	$ 23,219,676	$ 21,210,224	1
ACCESS LINES - AVERAGE*	43,448	40,801	38,006	35,966	34,707	2
			DOLLAR AMOUNTS			
WAGES AND BENEFITS	$ 6,278,908	$ 6,200,215	$ 5,779,368	$ 6,433,100	$ 6,341,852	3
OTHER OPERATION AND MAINTENANCE EXPENSES	4,240,685	3,605,516	4,739,526	3,028,703	2,634,923	4
DEPRECIATION AND AMORTIZATION EXPENSES	4,982,820	4,685,868	4,471,906	4,205,817	3,480,559	5
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	6
INCOME TAXES - OPERATING	3,239,888	3,288,884	2,963,999	2,598,501	2,209,073	7
OTHER TAXES - OPERATING	2,803,477	2,559,121	2,634,592	2,867,034	2,674,940	8
INTEREST CHARGES **	1,712,198	1,484,081	1,383,417	1,564,611	1,439,817	9
PREFERRED DIVIDENDS**	158,373	158,666	158,340	158,673	163,016	10
EARNINGS AVAILABLE FOR COMMON EQUITY	4,143,142	4,226,156	3,349,304	2,363,237	2,266,044	11
TOTAL	$ 27,559,491	$ 26,208,507	$ 25,480,452	$ 23,219,676	$ 21,210,224	12
			PERCENT OF REVENUES			
WAGES AND BENEFITS	22.8	23.7	22.7	27.7	29.9	13
OTHER OPERATION AND MAINTENANCE EXPENSES	15.4	13.8	18.6	13.0	12.4	14
DEPRECIATION AND AMORTIZATION EXPENSES	18.1	17.9	17.6	18.1	16.4	15
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	16
INCOME TAXES - OPERATING	11.8	12.5	11.6	11.2	10.4	17
OTHER TAXES - OPERATING	10.2	9.8	10.3	12.3	12.6	18
INTEREST CHARGES**	6.2	5.7	5.4	6.7	6.8	19
PREFERRED DIVIDENDS **	0.6	0.6	0.6	0.7	0.8	20
EARNINGS AVAILABLE FOR COMMON EQUITY	15.0	16.1	13.1	10.2	10.7	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
			DOLLARS PER AVERAGE ACCESS LINE PER MONTH			
WAGES AND BENEFITS	$ 12.04	$ 12.66	$ 12.67	$ 14.91	$ 15.23	23
OTHER OPERATION AND MAINTENANCE EXPENSES	8.13	7.36	10.39	7.02	6.33	24
DEPRECIATION AND AMORTIZATION EXPENSES	9.56	9.57	9.81	9.75	8.36	25
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	26
INCOME TAXES - OPERATING	6.21	6.72	6.50	6.02	5.30	27
OTHER TAXES - OPERATING	5.38	5.23	5.78	6.64	6.42	28
						29
INTEREST CHARGES **	3.28	3.03	3.03	3.63	3.46	
PREFERRED DIVIDENDS **	0.30	0.32	0.35	0.37	0.39	30
EARNINGS AVAILABLE FOR COMMON EQUITY	7.95	8.63	7.34	5.48	5.44	31
TOTAL	$ 52.86	$ 53.53	$ 55.87	$ 53.80	$ 50.93	32

* YEAR END AVERAGE

**NET OF AFC

MARGARETVILLE TELEPHONE CO., INC.
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF TELEPHONE PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	TELEPHONE PLANT	$ 4,488,918	$ 4,268,441	$ 3,979,730	$ 3,948,033	$ 3,812,929
2	ACCUM PROV FOR DEPR & AMORT	1,220,708	1,023,953	801,459	919,465	1,121,738
3	NET TELEPHONE PLANT	3,268,210	3,244,488	3,178,271	3,028,568	2,691,191
4	INVESTMENTS IN AFFILIATED COMPANIES	-	-	-	-	-
5	ADVANCES TO AFFILIATED COMPANIES	-	-	-	-	-
6	MISCELLANEOUS PHYSICAL PROPERTY	-	-	-	-	-
7	OTHER INVESTMENTS AND FUNDS	103,719	73,300	61,300	56,300	53,300
8	TOTAL INVESTMENTS AND FUNDS	103,719	73,300	61,300	56,300	53,300
9	CASH AND WORKING FUNDS	507,895	372,068	168,546	88,367	71,519
10	SPECIAL CASH DEPOSITS	-	-	-	-	-
11	TEMPORARY CASH INVESTMENTS	279,695	168,185	157,045	61,585	42,250
12	NOTES & ACCT'S REC -AFFILIATED CO'S	-	-	-	-	-
13	OTHER NOTES AND ACCOUNTS RECEIVABLE	164,974	245,555	150,697	200,300	38,768
14	DUE - CUST & AGENTS LESS ACCUM PROV - UNCOLLECTIBLE ACCTS	151,687	163,122	130,212	121,822	112,101
15	MATERIALS AND SUPPLIES	38,818	49,354	48,973	34,219	45,076
16	MERCH AND MATERIAL HELD FOR SALE	-	-	-	-	-
17	PREPAYMENTS	28,241	20,245	19,700	28,170	26,608
18	OTHER CURRENT AND ACCRUED ASSETS	-	-	-	-	-
19	TOTAL CURRENT AND ACCRUED ASSETS	1:171,310	1,018,529	675,173	534,463	336,322
20	UNAMORTIZED DEBT DISCOUNT AND EXPENSE	14,225	14,739	15,253	15,766	16,280
21	EXTRAORDINARY MAINTENANCE & RETIREMENTS	-	-	-	-	1,713
22	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
23	OTHER DEFERRED DEBITS	-	2,835	4,597	1,768	-
24	TOTAL DEFERRED DEBITS	14,225	17,574	19,850	17,534	17,993
25	TOTAL ASSETS AND OTHER DEBITS	4,557,464	$ 4,353,891	$ 3,934,594	$ 3,636,865	$ 3,098,806
	TELEPHONE PLANT					
26	PLANT IN SERVICE	$ 4,488,918	$ 4,260,847	$ 3,979,730	$ 3,600,461	$ 2,946,032
27	PLANT UNDER CONSTRUCTION	-	7,594	-	347,572	866,897
28	PROPERTY HELD FOR FUTURE USE	-	-	-	-	-
29	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
30	PLANT ADJUSTMENTS	-	-	-	-	-
31	TOTAL TELEPHONE UTILITY PLANT	4,488,918	4,268,441	3,979,730	3,948,033	3,812,929
32	ACCUM PROV FOR DEPR AND AMORT	1,220,708	1,023,953	801,459	919,465	1,121,738
33	NET TELEPHONE PLANT	3,268,210	3,244,488	3,178,271	3,028,568	2,691,191
	PLANT IN SERVICE					
34	BEGINNING OF YEAR	4,260,847	3,979,730	3,600,460	2,946,032	2,603,955
35	ADDITIONS	331,309	340,153	737,928	1,057,566	365,013
36	RETIREMENTS	103,238	59,036	358,658	403,138	22,936
37	TRANSFERS AND ADJUSTMENTS	-	-	-	-	-
38	END OF YEAR	$ 4,488,918	$ 4,260,847	$ 3,979,730	$ 3,600,460	$ 2,946,032

MARGARETVILLE TELEPHONE CO., INC.
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 130,000	$ 130,000	$ 130,000	$ 130,000	$ 130,000	1
PREFERRED CAPITAL STOCK	-	-	-	-	-	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	1,585,143	1,355,675	1,097,159	933,945	799,493	9
TOTAL PROPRIETARY CAPITAL	1,715,143	1,485,675	1,227,159	1,063,945	929,493	10
BONDS(LESS BONDS REACQUIRED)	1,966,416	1,996,624	2,025,210	1,978,980	1,820,482	11
ADVANCES FROM AFFILIATED COMPANIES	-	-	-	-	-	12
OTHER LONG-TERM DEBT	-	-	-	-	-	13
TOTAL LONG-TERM DEBT	1,966,416	1,996,624	2,025,210	1,978,980	1,820,482	14
NOTES & ACCTS PAY TO AFFILIATED CO'S	-	-	-	-	-	15
OTHER NOTES AND ACCOUNTS PAYABLE	142,696	235,158	239,233	232,736	86,468	16
CUSTOMERS DEPOSITS	-	275	725	4,875	3,975	17
ADVANCE BILLING AND PAYMENTS	19,464	17,343	15,540	13,272	12,162	18
TAXES ACCRUED	20,314	25,115	14,672-	7,043	15,988	19
OTHER CURRENT AND ACCRUED LIABILITIES	27,517	32,013	27,605	34,280	25,581	20
TOTAL CURRENT AND ACCRUED LIABILITIES	209,991	309,904	268,431	292,206	144,174	21
UNAMORTIZED PREMIUM ON DEBT	-	-	-	-	-	22
ACCUM DEFERRED INVESTMENT TAX CREDITS	253,874	230,936	166,854	171,476	130,211	23
OTHER DEFERRED CREDITS	15,946	-	-	-	-	24
TOTAL DEFERRED CREDITS	269,820	230,936	166,854	171,476	130,211	25
OPERATING RESERVES	-	-	-	-	-	26
ACCUM DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION	389,645	324,904	242,415	126,169	70,178	27
ACCUM DEFERRED INCOME TAXES - OTHER	6,449	5,848	4,525	4,089	4,268	28
TOTAL LIABILITIES AND OTHER CREDITS	$ 4,557,464	$ 4,353,891	$ 3,934,594	$ 3,636,865	$ 3,098,806	29
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS/CURRENT LIABILITIES	5 58	3 29	2 52	1 83	2 33	30
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	53 4	57 3	62 2	65 0	66 1	31
PREFERRED STOCK	-	-	-	-	-	32
COMMON STOCK & OTHER PAID-IN CAPITAL	3 5	3 7	3 9	4 2	4 7	33
RETAINED EARNINGS	43 0	38 9	33 7	30 6	29 0	34
LONG TERM DEBT % OF GROSS UTILITY PLANT	43 8	46 7	50 8	50 1	47 7	35
ACCUM PROV FOR DEPR & AMORT %OF UTIL PLT	27 1	23 9	20 1	23 2	29 4	36

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MARGARETVILLE TELEPHONE CO., INC
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL					
1	NET INCOME	$ 226,376	$ 244,573	$ 150,365	$ 100,779	$ 135,538
2	DEPRECIATION AND AMORTIZATION	280,887	270,297	221,662	182,204	171,551
3	DEFERRED INCOME TAXES (NET)	104,224	147,894	112,059	97,077	30,966
4	INTEREST CAPITALIZED	-	-	-	19,352-	-
5	OTHER (NET)	-	-	-	-	-
6	SUBTOTAL	611,487	662,764	484,086	360,708	338,055
7	EXTRAORDINARY ITEMS	3,092	23,693	20,649	41,473	658-
8	TOTAL FUNDS - INTERNAL SOURCES	614,579	686,457	504,735	402,181	337,397
9	LESS DIVIDENDS PREFERRED	-	-	-	-	-
	COMMON	-	9,750	7,800	7,800	7,150
11	NET FUNDS - INTERNAL SOURCES	614,579	676,707	496,935	394,381	330,247
	EXTERNAL					
12	LONG TERM DEBT	-	-	71,000	182,000	905,000
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	-	-	-	-	20,000
17	OTHER (NET)	-	-	-	-	-
18	TOTAL FUNDS - EXTERNAL SOURCES	-	-	71,000	182,000	925,000
	OTHER SOURCES					
19	NET DECREASE IN WORKING CAPITAL	-	-	-	-	-
20	OTHER	28,020	19,978	25,865	23,854	5,364
21	TOTAL FUNDS PROVIDED	$ 642,599	$ 696,685	$ 593,800	$ 600,235	$ 1,260,611
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
22	TELEPHONE PLANT	$ 323,713	$ 347,747	$ 390,356	$ 538,245	$ 1,147,948
23	NON-UTILITY PLANT	-	-	-	-	-
24	OTHER	-	-	-	-	-
25	TOTAL CONSTRUCTION	323,713	347,747	390,356	538,245	1,147,948
26	LESS INTEREST CAPITALIZED	-	-	-	19,352	-
27	TOTAL EXCLUDING INTEREST CAPITALIZED	323,713	347,747	390,356	518,893	1,147,948
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	30,208	28,586	24,770	23,502	16,640
29	PREFERRED STOCK	-	-	-	-	-
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	-	19,500	42,990	-
32	OTHER (NET)	-	-	-	-	-
33	TOTAL RETIREMENT OF SECURITIES	30,208	28,586	44,270	66,492	16,640
	OTHER USES					
34	NET INCREASE IN WORKING CAPITAL	244,698	301,338	144,985	5,557	36,745
35	OTHER	43,980	19,014	14,189	9,293	59,278
36	TOTAL FUNDS APPLIED	$ 642,599	$ 696,685	$ 593,800	$ 600,235	$ 1,260,611

MARGARETVILLE TELEPHONE CO., INC.
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
TELEPHONE OPERATING INCOME						
OPERATING REVENUES	$ 1,578,146	$ 1,605,114	$ 1,446,931	$ 1,170,154	$ 988,833	1
OPERATION AND MAINTENANCE EXPENSE	735,577	741,321	744,957	591,242	497,132	2
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	3
DEPRECIATION	255,012	245,685	220,138	179,706	158,480	4
AMORTIZATION	-	-	-	-	-	5
TAXES OTHER THAN INCOME TAXES-OPERATING	104,558	109,251	88,426	98,274	84,253	6
INCOME TAXES-OPERATING	31,214	51,661	3,876-	47,219	48,111	7
OPERATING INCOME TAXES DEFERRED	88,059	86,871	121,329	57,563	11,929	8
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	13,046	3,058-	4,648-	1,750-	1,655-	9
TOTAL OPERATING EXPENSES	1,227,466	1,231,731	1,166,326	972,254	798,250	10
TOTAL TELEPHONE OPERATING INCOME	350,680	373,383	280,605	197,900	190,583	11
OTHER INCOME						
DIVIDEND INCOME	-	-	-	-	-	12
INTEREST INCOME	41,245	25,263	17,522	11,621	6,415	13
ALLOWANCE FOR CONSTRUCTION FUNDS	-	-	-	19,352	7,376	14
INCOME FROM SINKING AND OTHER FUNDS	-	-	-	-	-	15
INCOME FROM MISC. PHYSICAL PROPERTY	-	-	-	-	-	16
MISCELLANEOUS INCOME	3,971-	1,546	745	1,148	243	17
TOTAL OTHER INCOME	37,274	26,809	18,267	32,121	14,034	18
TOTAL INCOME	387,954	400,192	298,872	230,021	204,617	19
INCOME DEDUCTIONS						
TAXES OTHER THAN INC. TAXES-NONOPERATING	-	-	-	-	-	20
INCOME TAXES-NONOPERATING	11,266	11,586	-	-	-	21
MISCELLANEOUS INCOME CHARGES	9,109	1,623	4,378	2,268	3,974	22
TOTAL INCOME DEDUCTIONS	20,375	13,209	4,378	2,268	3,974	23
INCOME BEFORE INTEREST CHARGES	367,579	386,983	294,494	227,753	200,643	24
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	140,673	141,821	142,757	121,173	54,927	25
AMORT. OF DEBT DISCOUNT AND EXPENSE	514	514	514	514	516	26
AMORT. OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	27
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	28
OTHER INTEREST EXPENSE	16	75	858	5,287	9,662	29
TOTAL INTEREST CHARGES	141,203	142,410	144,129	126,974	65,105	30
INCOME BEFORE EXTRAORDINARY/DELAYED ITEMS	226,376	244,573	150,365	100,779	135,538	31
EXTRAORDINARY & DELAYED ITEMS - NET LESS TAX EFFECT	3,092	23,693	20,649	41,473	658-	32
NET INCOME	$ 229,468	$ 268,266	$ 171,014	$ 142,252	$ 134,880	33
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 1,355,675	$ 1,097,159	$ 933,945	$ 799,493	$ 671,763	34
TRANSFERRED FROM INCOME	229,468	268,266	171,014	142,252	134,880	35
MISCELLANEOUS CREDITS	-	-	-	-	-	36
MISCELLANEOUS DEBITS	-	-	-	-	-	37
APPROPRIATIONS	-	-	-	-	-	38
DIVIDENDS DECLARED-PREFERRED STOCK	-	-	-	-	-	39
-COMMON STOCK	-	9,750	7,800	7,800	7,150	40
BALANCE END OF YEAR	1,585,143	1,355,675	1,097,159	933,945	799,493	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 1,585,143	$ 1,355,675	$ 1,097,159	$ 933,945	$ 799,493	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME-PERCENT OF OPERATING REVENUES	14.5	16.7	11.8	12.1	13.6	44
PRETAX COVERAGE OF INTEREST CHARGES	3.6	3.8	2.8	2.6	4.0	45
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	-	3.6	4.5	5.4	5.3	46
RETURN ON COMMON EQUITY	14.3	19.7	14.9	14.2	15.5	47

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MARGARETVILLE TELEPHONE CO , INC
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	TELEPHONE OPERATING REVENUES					
1	LOCAL REVENUES	$ 447,498	$ 425,409	$ 344,277	$ 330,780	$ 311,001
2	ACCESS REVENUES	567,038	583,241	598,845	-	-
3	TOLL REVENUES	419,516	470,877	363,179	821,033	655,974
4	MISCELLANEOUS REVENUES	159,894	130,387	147,230	24,841	25,858
5	UNCOLLECTIBLE REVENUES-DR	15,800	4,800	6,600	6,500	4,000
6	TOTAL OPERATING REVENUES	$ 1,578,146	$ 1,605,114	$ 1,446,931	$ 1,170,154	$ 988,833
7	ACCESS LINES IN SERVICE	3,070	2,885	2,769	2,681	2,546
	TELEPHONE OPERATING REVENUE RELATIONSHIPS					
	REVENUE PER AVERAGE ACCESS LINE*					
8	LOCAL REVENUE	$ 150 29	$ 150 48	$ 126 34	$ 126 57	$ 124 38
9	ACCESS REVENUE	190 44	206 31	219 76		
10	TOLL REVENUE	140 90	166 56	133 28	314 15	262 34

*YEAR END AVERAGE

LINE NO	ITEM	1987	1986	1985	1984	1983
	OPERATION AND MAINTENANCE EXPENSES					
11	MAINTENANCE EXPENSES	$ 217,388	$ 231,042	$ 218,140	$ 164,779	$ 143,575
12	DEPRECIATION & AMORTIZATION	255,012	245,685	220,138	179,706	158,480
13	TRAFFIC EXPENSES	22,058	20,909	25,398	28,844	11,746
14	COMMERCIAL EXPENSES	34,540	30,733	30,462	27,601	28,811
15	ACCESS EXPENSES	-	-	-	-	-
16	GENERAL OFFICE SALARIES & EXPENSES	236,559	239,108	228,937	223,277	179,913
17	OTHER OPERATING EXPENSES	225,032	219,529	242,020	146,741	133,087
18	TOTAL O & M EXPENSES	$ 990,589	$ 987,006	$ 965,095	$ 770,948	$ 655,612

MARGARETVILLE TELEPHONE CO., INC
DISTRIBUTION OF TELEPHONE REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM		1987		1986		1985		1984		1983	LINE NO
REVENUES	$	1,578,146	$	1,605,114	$	1,446,931	$	1,170,154	$	988,833	1
ACCESS LINES - AVERAGE*		2,978		2,827		2,725		2,614		2,501	2
DOLLAR AMOUNTS											
WAGES AND BENEFITS	$	314,751	$	348,940	$	330,418	$	255,352	$	212,516	3
OTHER OPERATION AND MAINTENANCE EXPENSES		420,826		392,381		414,539		335,890		284,616	4
DEPRECIATION AND AMORTIZATION EXPENSES		255,012		245,685		220,138		179,706		158,480	5
EXTRAORDINARY RETIREMENTS		-		-		-		-		-	6
INCOME TAXES - OPERATING		132,319		135,474		112,805		103,032		58,385	7
OTHER TAXES - OPERATING		104,558		109,251		88,426		98,274		84,253	8
INTEREST CHARGES **		141,203		142,410		144,129		114,767		65,105	9
PREFERRED DIVIDENDS**		-		-		-		-		-	10
EARNINGS AVAILABLE FOR COMMON EQUITY		209,477		230,973		136,476		83,133		125,478	11
TOTAL	$	1,578,146	$	1,605,114	$	1,446,931	$	1,170,154	$	988,833	12
PERCENT OF REVENUES											
WAGES AND BENEFITS		19.9		21.7		22.8		21.8		21.5	13
OTHER OPERATION AND MAINTENANCE EXPENSES		26.7		24.4		28.6		28.7		28.8	14
DEPRECIATION AND AMORTIZATION EXPENSES		16.2		15.3		15.2		15.4		16.0	15
EXTRAORDINARY RETIREMENTS		-		-		-		-		-	16
INCOME TAXES - OPERATING		8.4		8.4		7.8		8.8		5.9	17
OTHER TAXES - OPERATING		6.6		6.8		6.1		8.4		8.5	18
INTEREST CHARGES**		8.9		8.9		10.0		9.8		6.6	19
PREFERRED DIVIDENDS **		-		-		-		-		-	20
EARNINGS AVAILABLE FOR COMMON EQUITY		13.3		14.4		9.4		7.1		12.7	21
TOTAL		100.0		100.0		100.0		100.0		100.0	22
DOLLARS PER AVERAGE ACCESS LINE PER MONTH											
WAGES AND BENEFITS		$ 8.81		$ 10.29		$ 10.10		$ 8.14		$ 7.08	23
OTHER OPERATION AND MAINTENANCE EXPENSES		11.78		11.57		12.68		10.71		9.49	24
DEPRECIATION AND AMORTIZATION EXPENSES		7.14		7.24		6.73		5.73		5.28	25
EXTRAORDINARY RETIREMENTS		-		-		-		-		-	26
INCOME TAXES - OPERATING		3.70		3.99		3.45		3.29		1.95	27
OTHER TAXES - OPERATING		2.93		3.22		2.70		3.13		2.81	28
INTEREST CHARGES **		3.95		4.20		4.41		3.66		2.17	29
PREFERRED DIVIDENDS **		-		-		-		-		-	30
EARNINGS AVAILABLE FOR COMMON EQUITY		5.86		6.81		4.17		2.65		4.18	31
TOTAL		$ 44.17		$ 47.31		$ 44.25		$ 37.31		$ 32.95	32

* YEAR END AVERAGE

**NET OF AFC

MIDDLEBURGH TELEPHONE COMPANY, THE
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF TELEPHONE PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	TELEPHONE PLANT	$ 8,828,926	$ 7,794,241	$ 7,395,674	$ 7,236,234	$ 6,928,067
2	ACCUM. PROV. FOR DEPR. & AMORT	2,804,923	2,507,717	2,216,329	2,180,180	1,983,694
3	NET TELEPHONE PLANT	6,024,003	5,286,524	5,179,345	5,056,054	4,944,373
4	INVESTMENTS IN AFFILIATED COMPANIES	-	-	-	-	-
5	ADVANCES TO AFFILIATED COMPANIES	-	-	-	-	-
6	MISCELLANEOUS PHYSICAL PROPERTY	96,204	121,134	42,093	20,862	3,907
7	OTHER INVESTMENTS AND FUNDS	53,500	42,000	30,000	25,000	22,000
8	TOTAL INVESTMENTS AND FUNDS	149,704	163,134	72,093	45,862	25,907
9	CASH AND WORKING FUNDS	493,699	244,629	349,824	193,524	151,139
10	SPECIAL CASH DEPOSITS	-	-	-	-	-
11	TEMPORARY CASH INVESTMENTS	-	172,318	255,693	65,139	21,371
12	NOTES & ACCT'S REC.-AFFILIATED CO'S	-	-	-	-	-
13	OTHER NOTES AND ACCOUNTS RECEIVABLE	66,178	224,584	129,371	197,797	100,770
14	DUE - CUST. & AGENTS LESS ACCUM. PROV. - UNCOLLECTIBLE ACCTS	229,710	210,295	161,728	179,570	158,756
15	MATERIALS AND SUPPLIES	389,939	261,588	257,935	245,149	215,578
16	MERCH. AND MATERIAL HELD FOR SALE	36,941	26,931	19,845	23,943	14,573
17	PREPAYMENTS	99,980	93,797	97,213	57,652	53,613
18	OTHER CURRENT AND ACCRUED ASSETS	3,021	3,021	2,916	2,810	2,699
19	TOTAL CURRENT AND ACCRUED ASSETS	1,319,468	1,237,163	1,294,525	965,584	718,499
20	UNAMORTIZED DEBT DISCOUNT AND EXPENSE	23,486	9,698	10,051	10,404	3,657
21	EXTRAORDINARY MAINTENANCE & RETIREMENTS	-	-	-	-	-
22	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
23	OTHER DEFERRED DEBITS	-	1,184	714	6,338	20,635
24	TOTAL DEFERRED DEBITS	23,486	10,882	10,765	16,742	24,292
25	TOTAL ASSETS AND OTHER DEBITS	7,516,661 $	6,697,703 $	6,556,728 $	6,084,242 $	5,713,071
	TELEPHONE PLANT					
26	PLANT IN SERVICE	$ 7,853,067	$ 7,601,432	$ 7,319,897	$ 7,132,662	$ 6,717,609
27	PLANT UNDER CONSTRUCTION	975,909	192,859	75,827	103,622	210,508
28	PROPERTY HELD FOR FUTURE USE	-	-	-	-	-
29	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
30	PLANT ADJUSTMENTS	50-	50-	50-	50-	50-
31	TOTAL TELEPHONE UTILITY PLANT	8,828,926	7,794,241	7,395,674	7,236,234	6,928,067
32	ACCUM. PROV. FOR DEPR. AND AMORT	2,804,923	2,507,717	2,216,329	2,180,180	1,983,694
33	NET TELEPHONE PLANT	6,024,003	5,286,524	5,179,345	5,056,054	4,944,373
	PLANT IN SERVICE					
34	BEGINNING OF YEAR	7,601,432	7,319,897	7,132,664	6,717,609	6,510,456
35	ADDITIONS	647,946	508,957	563,362	568,576	320,942
36	RETIREMENTS	396,311	227,422	376,129	153,523	113,789
37	TRANSFERS AND ADJUSTMENTS	-	-	-	-	-
38	END OF YEAR	$ 7,853,067	$ 7,601,432	$ 7,319,897	$ 7,132,662	$ 6,717,609

MIDDLEBURGH TELEPHONE COMPANY, THE
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31 ,

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000	1
PREFERRED CAPITAL STOCK	93,100	93,100	93,100	105,000	116,100	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	2,403,623	2,089,163	1,923,388	1,536,330	1,325,989	9
TOTAL PROPRIETARY CAPITAL	2,596,723	2,282,263	2,116,488	1,741,330	1,542,089	10
BONDS(LESS BONDS REACQUIRED)	3,377,398	3,454,960	3,528,704	3,598,860	3,665,356	11
ADVANCES FROM AFFILIATED COMPANIES	-	-	-	-	-	12
OTHER LONG-TERM DEBT	-	-	-	-	-	13
TOTAL LONG-TERM DEBT	3,377,398	3,454,960	3,528,704	3,598,860	3,665,356	14
NOTES & ACCTS PAY TO AFFILIATED CO'S	-	-	-	-	-	15
OTHER NOTES AND ACCOUNTS PAYABLE	554,092	83,004	57,638	172,235	4,392	16
CUSTOMERS' DEPOSITS	-	-	-	200	4,485	17
ADVANCE BILLING AND PAYMENTS	-	-	-	-	105	18
TAXES ACCRUED	110,560	35,958	100,945	452	22,782	19
OTHER CURRENT AND ACCRUED LIABILITIES	43,712	44,040	41,396	42,518	95,348	20
TOTAL CURRENT AND ACCRUED LIABILITIES	708,364	163,002	199,979	215,405	127,112	21
UNAMORTIZED PREMIUM ON DEBT	-	-	-	-	-	22
ACCUM. DEFERRED INVESTMENT TAX CREDITS	250,940	272,781	300,668	211,572	139,074	23
OTHER DEFERRED CREDITS	69,640	20,378	8,991	2,798	391	24
TOTAL DEFERRED CREDITS	320,580	293,159	309,659	214,370	139,465	25
OPERATING RESERVES	-	-	-	-	-	26
ACCUM. DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION	502,065	490,602	385,483	297,394	220,366	27
ACCUM. DEFERRED INCOME TAXES - OTHER	11,531	13,717	16,415	16,883	18,683	28
TOTAL LIABILITIES AND OTHER CREDITS	$ 7,516,661	$ 6,697,703	$ 6,556,728	$ 6,084,242	$ 5,713,071	29
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS/CURRENT LIABILITIES	1.86	7.59	6.47	4.48	5.65	30
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	56.5	60.2	62.5	67.3	70.3	31
PREFERRED STOCK	1.5	1.6	1.6	1.9	2.2	32
COMMON STOCK & OTHER PAID-IN CAPITAL	1.6	1.7	1.7	1.8	1.9	33
RETAINED EARNINGS	40.2	36.4	34.0	28.7	25.4	34
LONG TERM DEBT % OF GROSS UTILITY PLANT	38.2	44.3	47.7	49.7	52.9	35
ACCUM. PROV. FOR DEPR & AMORT. %OF UTIL. PLT	31.7	32.1	29.9	30.1	28.6	36

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MIDDLEBURGH TELEPHONE COMPANY, THE
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
		SOURCES OF FUNDS				
	INTERNAL					
1	NET INCOME	$ 345,280	$ 208,301	$ 405,148	$ 231,419	$ 285,153
2	DEPRECIATION AND AMORTIZATION	522,463	272,471	271,010	261,459	301,360
3	DEFERRED INCOME TAXES (NET)	19,171	74,534	176,717	147,726	131,755
4	INTEREST CAPITALIZED	2,038-	12,071-	5,209-	10,064-	4,928-
5	OTHER (NET)	32,321	11,387	6,209	2,406	-
6	SUBTOTAL	917,197	554,622	853,875	632,946	713,340
7	EXTRAORDINARY ITEMS	2,015-	13,721-	10,161	4,738	2,471
8	TOTAL FUNDS - INTERNAL SOURCES	915,182	540,901	864,036	637,684	715,811
9	LESS DIVIDENDS PREFERRED	4,805	4,805	5,251	5,816	6,364
	COMMON	24,000	24,000	23,000	20,000	17,000
11	NET FUNDS - INTERNAL SOURCES	886,377	512,096	835,785	611,868	692,447
	EXTERNAL					
12	LONG TERM DEBT	-	-	-	-	-
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	400,000	-	-	-	-
17	OTHER (NET)	-	-	-	-	-
18	TOTAL FUNDS - EXTERNAL SOURCES	400,000	-	-	-	-
	OTHER SOURCES					
19	NET DECREASE IN WORKING CAPITAL	69,240	16,969	-	-	-
20	OTHER	189,989	261,245	169,838	112,248	34,301
21	TOTAL FUNDS PROVIDED	$ 1,545,606	$ 790,310	$ 1,005,623	$ 724,116	$ 726,748
		USES OF FUNDS				
	CONSTRUCTION EXPENDITURES					
22	TELEPHONE PLANT	$ 1,430,996	$ 625,989	$ 535,568	$ 461,690	$ 443,837
23	NON-UTILITY PLANT	-	-	-	-	-
24	OTHER	-	-	-	-	-
25	TOTAL CONSTRUCTION	1,430,996	625,989	535,568	461,690	443,837
26	LESS INTEREST CAPITALIZED	2,038	12,071	5,209	10,064	4,928
27	TOTAL EXCLUDING INTEREST CAPITALIZED	1,428,958	613,918	530,359	451,626	438,909
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	77,562	73,744	70,156	66,496	61,545
29	PREFERRED STOCK	-	-	11,900	11,100	10,900
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	-	-	-	-
32	OTHER (NET)	-	-	-	-	-
33	TOTAL RETIREMENT OF SECURITIES	77,562	73,744	82,056	77,596	72,445
	OTHER USES					
34	NET INCREASE IN WORKING CAPITAL	-	-	304,806	154,753	180,943
35	OTHER	39,086	102,648	88,402	40,141	34,451
36	TOTAL FUNDS APPLIED	$ 1,545,606	$ 790,310	$ 1,005,623	$ 724,116	$ 726,748

MIDDLEBURGH TELEPHONE COMPANY, THE
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
TELEPHONE OPERATING INCOME						
OPERATING REVENUES	$ 2,869,658	$ 2,493,650	$ 2,651,229	$ 2,266,793	$ 2,046,481	1
OPERATION AND MAINTENANCE EXPENSE	1,243,421	1,304,302	1,262,036	1,198,761	961,556	2
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	3
DEPRECIATION	523,194	272,118	270,657	261,105	254,997	4
AMORTIZATION	-	-	-	-	-	5
TAXES OTHER THAN INCOME TAXES-OPERATING	262,664	255,349	232,067	244,805	214,196	6
INCOME TAXES-OPERATING	277,968	139,503	210,004	79,755	76,375	7
OPERATING INCOME TAXES DEFERRED	918	109,217	101,299	82,970	79,437	8
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	8,359	6,796-	13,678-	7,742-	16,374-	9
TOTAL OPERATING EXPENSES	2,316,524	2,073,693	2,062,385	1,859,654	1,570,187	10
TOTAL TELEPHONE OPERATING INCOME	553,134	419,957	588,844	407,139	476,294	11
OTHER INCOME						
DIVIDEND INCOME	595	595	595	560	490	12
INTEREST INCOME	19,963	28,350	22,109	14,840	4,540	13
ALLOWANCE FOR CONSTRUCTION FUNDS	2,038	12,071	5,209	10,064	4,928	14
INCOME FROM SINKING AND OTHER FUNDS	-	-	-	-	-	15
INCOME FROM MISC. PHYSICAL PROPERTY	69-	29,680-	-	-	-	16
MISCELLANEOUS INCOME	9,355-	25,904-	19,346-	9,452-	1,319	17
TOTAL OTHER INCOME	13,172	14,568-	8,567	16,012	11,277	18
TOTAL INCOME	566,306	405,389	597,411	423,151	487,571	19
INCOME DEDUCTIONS						
TAXES OTHER THAN INC. TAXES-NONOPERATING	-	-	-	-	-	20
INCOME TAXES-NONOPERATING	-	-	-	-	2,921	21
MISCELLANEOUS INCOME CHARGES	8,084	13,042	4,628	1,689	4,382	22
TOTAL INCOME DEDUCTIONS	8,084	13,042	4,628	1,689	7,303	23
INCOME BEFORE INTEREST CHARGES	558,222	392,347	592,783	421,462	480,268	24
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	179,794	183,693	187,268	189,632	194,135	25
AMORT. OF DEBT DISCOUNT AND EXPENSE	353	353	353	353	140	26
AMORT. OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	27
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	28
OTHER INTEREST EXPENSE	32,795	-	14	58	840	29
TOTAL INTEREST CHARGES	212,942	184,046	187,635	190,043	195,115	30
INCOME BEFORE EXTRAORDINARY/DELAYED ITEMS	345,280	208,301	405,148	231,419	285,153	31
EXTRAORDINARY & DELAYED ITEMS - NET LESS TAX EFFECT	2,015-	13,721-	10,161	4,738	2,471	32
NET INCOME	$ 343,265	$ 194,580	$ 415,309	$ 236,157	$ 287,624	33
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 2,089,163	$ 1,923,388	$ 1,535,330	$ 1,325,989	$ 1,061,729	34
TRANSFERRED FROM INCOME	343,265	194,580	415,309	236,157	287,624	35
MISCELLANEOUS CREDITS	-	-	-	-	-	36
MISCELLANEOUS DEBITS	-	-	-	-	-	37
APPROPRIATIONS	-	-	-	-	-	38
DIVIDENDS DECLARED-PREFERRED STOCK	4,805	4,805	5,251	5,816	6,364	39
-COMMON STOCK	24,000	24,000	23,000	20,000	17,000	40
BALANCE END OF YEAR	2,403,623	2,089,163	1,923,388	1,536,330	1,325,989	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 2,403,623	$ 2,089,163	$ 1,923,388	$ 1,536,330	$ 1,325,989	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME-PERCENT OF OPERATING REVENUES	11.9	7.8	15.6	10.4	14.0	44
PRETAX COVERAGE OF INTEREST CHARGES	4.0	3.4	4.7	3.0	3.2	45
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	7.0	12.6	5.6	8.6	6.0	46
RETURN ON COMMON EQUITY	14.4	9.0	22.4	15.0	21.7	47

MIDDLEBURGH TELEPHONE COMPANY, THE
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	TELEPHONE OPERATING REVENUES					
1	LOCAL REVENUES	$ 736,439	$ 720,071	$ 728,144	$ 724,924	$ 692,842
2	ACCESS REVENUES	737,297	687,348	680,705	-	-
3	TOLL REVENUES	1,197,899	945,161	1,120,843	1,506,928	1,314,006
4	MISCELLANEOUS REVENUES	215,023	163,570	143,737	46,641	46,533
5	UNCOLLECTIBLE REVENUES-DR	17,000	22,500	22,200	11,700	6,900
6	TOTAL OPERATING REVENUES	$ 2,869,658	$ 2,493,650	$ 2,651,229	$ 2,266,793	$ 2,046,481
7	ACCESS LINES IN SERVICE	4,798	6,075	4,328	4,260	4,147
	TELEPHONE OPERATING REVENUE RELATIONSHIPS					
	REVENUE PER AVERAGE ACCESS LINE*					
8	LOCAL REVENUE	$ 135.46	$ 138.44	$ 169.57	$ 172.46	$ 168.62
9	ACCESS REVENUE	135.62	132.14	158.52		
10	TOLL REVENUE	220.34	181.71	261.03	358.49	319.79

*YEAR END AVERAGE

LINE NO	ITEM	1987	1986	1985	1984	1983
	OPERATION AND MAINTENANCE EXPENSES					
11	MAINTENANCE EXPENSES	$ 466,899	$ 516,690	$ 541,343	$ 486,525	$ 421,821
12	DEPRECIATION & AMORTIZATION	523,194	272,118	270,657	261,105	254,997
13	TRAFFIC EXPENSES	71,246	68,512	66,061	95,397	30,761
14	COMMERCIAL EXPENSES	93,923	113,810	79,001	136,229	91,452
15	ACCESS EXPENSES	-	-	-	-	-
16	GENERAL OFFICE SALARIES & EXPENSES	298,143	296,490	276,938	246,268	247,364
17	OTHER OPERATING EXPENSES	313,210	308,800	298,693	234,342	170,158
18	TOTAL O & M EXPENSES	$ 1,766,615	$ 1,576,420	$ 1,532,693	$ 1,459,866	$ 1,216,553

MIDDLEBURGH TELEPHONE COMPANY, THE
DISTRIBUTION OF TELEPHONE REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
REVENUES	$ 2,869,658	$ 2,493,650	$ 2,651,229	$ 2,266,793	$ 2,046,481	1
ACCESS LINES - AVERAGE*	5,437	5,202	4,294	4,204	4,109	2
			DOLLAR AMOUNTS			
WAGES AND BENEFITS	$ 499,909	$ 564,039	$ 811,861	$ 706,633	$ 585,881	3
OTHER OPERATION AND MAINTENANCE EXPENSES	743,512	740,263	450,175	492,128	375,675	4
DEPRECIATION AND AMORTIZATION EXPENSES	523,194	272,118	270,657	261,105	254,997	5
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	6
INCOME TAXES - OPERATING	287,245	241,924	297,625	154,983	139,438	7
OTHER TAXES - OPERATING	262,664	255,349	232,067	244,805	214,196	8
INTEREST CHARGES **	212,237	178,762	185,979	185,353	193,104	9
PREFERRED DIVIDENDS**	4,786	4,667	5,204	5,675	6,300	10
EARNINGS AVAILABLE FOR COMMON EQUITY	336,111	236,528	397,661	216,111	276,890	11
TOTAL	$ 2,869,658	$ 2,493,650	$ 2,651,229	$ 2,266,793	$ 2,046,481	12
			PERCENT OF REVENUES			
WAGES AND BENEFITS	17.4	22.6	30.6	31.2	28.6	13
OTHER OPERATION AND MAINTENANCE EXPENSES	25.9	29.7	17.0	21.7	18.4	14
DEPRECIATION AND AMORTIZATION EXPENSES	18.2	10.9	10.2	11.5	12.5	15
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	16
INCOME TAXES - OPERATING	10.0	9.7	11.2	6.8	6.8	17
OTHER TAXES - OPERATING	9.2	10.2	8.8	10.8	10.5	18
INTEREST CHARGES**	7.4	7.2	7.0	8.2	9.4	19
PREFERRED DIVIDENDS **	0.2	0.2	0.2	0.3	0.3	20
EARNINGS AVAILABLE FOR COMMON EQUITY	11.7	9.5	15.0	9.5	13.5	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
			DOLLARS PER AVERAGE ACCESS LINE PER MONTH			
WAGES AND BENEFITS	$ 7.66	~~$ 9.04~~	$ 15.76	$ 14.01	$ 11.88	23
OTHER OPERATION AND MAINTENANCE EXPENSES	11.40	11.86	8.74	9.76	7.62	24
DEPRECIATION AND AMORTIZATION EXPENSES	8.02	4.36	5.25	5.18	5.17	25
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	26
INCOME TAXES - OPERATING	4.40	3.88	5.78	3.07	2.83	27
OTHER TAXES - OPERATING	4.03	4.09	4.50	4.85	4.34	28
						29
INTEREST CHARGES **	3.25	2.86	3.61	3.67	3.92	
PREFERRED DIVIDENDS **	0.07	0.07	0.10	0.11	0.13	30
EARNINGS AVAILABLE FOR COMMON EQUITY	5.15	3.79	7.72	4.28	5.62	31
TOTAL	$ 43.99	$ 39.95	$ 51.45	$ 44.94	$ 41.50	32

* YEAR END AVERAGE

**NET OF AFC

NEWPORT TELEPHONE COMPANY, INC
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF TELEPHONE PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	TELEPHONE PLANT	$ 4,830,698	$ 5,049,096	$ 4,317,171	$ 4,068,625	$ 3,976,804
2	ACCUM PROV FOR DEPR & AMORT	1,536,899	1,931,596	1,704,495	1,462,086	1,265,861
3	NET TELEPHONE PLANT	3,293,799	3,117,500	2,612,676	2,606,539	2,710,943
4	INVESTMENTS IN AFFILIATED COMPANIES	-	-	-	-	-
5	ADVANCES TO AFFILIATED COMPANIES	-	-	-	-	-
6	MISCELLANEOUS PHYSICAL PROPERTY	51,188	60,848	40,722	35,207	26,944
7	OTHER INVESTMENTS AND FUNDS	199,921	96,100	74,000	69,000	69,000
8	TOTAL INVESTMENTS AND FUNDS	251,109	156,948	114,722	104,207	95,944
9	CASH AND WORKING FUNDS	18,290	10,643	2,906	6,795	6,219
10	SPECIAL CASH DEPOSITS	-	-	-	-	-
11	TEMPORARY CASH INVESTMENTS	71,468	47,777	55,489	19,808	2,340
12	NOTES & ACCT'S REC -AFFILIATED CO'S	-	-	-	-	-
13	OTHER NOTES AND ACCOUNTS RECEIVABLE	129,200	154,777	149,912	52,683	72,252
14	DUE - CUST & AGENTS LESS ACCUM PROV - UNCOLLECTIBLE ACCTS	122,605	108,953	114,777	103,746	97,929
15	MATERIALS AND SUPPLIES	62,119	66,776	43,053	39,768	37,788
16	MERCH AND MATERIAL HELD FOR SALE	159,132	120,559	91,507	53,483	41,507
17	PREPAYMENTS	39,974	32,806	37,185	34,111	34,010
18	OTHER CURRENT AND ACCRUED ASSETS	-	-	-	-	-
19	TOTAL CURRENT AND ACCRUED ASSETS	602,788	542,291	494,829	310,394	292,045
20	UNAMORTIZED DEBT DISCOUNT AND EXPENSE'	29,999	16,919	17,705	18,492	19,279
21	EXTRAORDINARY MAINTENANCE & RETIREMENTS	-	-	-	-	-
22	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
23	OTHER DEFERRED DEBITS	9,067	5,794	1,932	3,223	1,751
24	TOTAL DEFERRED DEBITS	39,066	22,713	19,637	21,715	21,030
25	TOTAL ASSETS AND OTHER DEBITS	4,186,762	$ 3,839,452	$ 3,241,864	$ 3,042,855	$ 3,119,962
	TELEPHONE PLANT					
26	PLANT IN SERVICE	$ 4,690,402	$ 4,402,255	$ 4,242,513	$ 4,016,410	$ 3,924,131
27	PLANT UNDER CONSTRUCTION	140,296	646,841	74,658	52,215	52,673
28	PROPERTY HELD FOR FUTURE USE	-	-	-	-	-
29	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
30	PLANT ADJUSTMENTS	-	-	-	-	-
31	TOTAL TELEPHONE UTILITY PLANT	4,830,698	5,049,096	4,317,171	4,068,625	3,976,804
32	ACCUM PROV FOR DEPR AND AMORT	1,536,899	1,931,596	1,704,495	1,462,086	1,265,861
33	NET TELEPHONE PLANT	3,293,799	3,117,500	2,612,676	2,606,539	2,710,943
	PLANT IN SERVICE					
34	BEGINNING OF YEAR	4,402,255	4,242,513	4,016,410	3,924,131	3,858,667
35	ADDITIONS	977,667	211,028	263,394	108,160	84,302
36	RETIREMENTS	689,520	51,286	37,291	15,881	18,838
37	TRANSFERS AND ADJUSTMENTS	-	-	-	-	-
38	END OF YEAR	$ 4,690,402	$ 4,402,255	$ 4,242,513	$ 4,016,410	$ 3,924,131

NEWPORT TELEPHONE COMPANY, INC
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 148,150	$ 148,150	$ 148,150	$ 148,150	$ 166,600	1
PREFERRED CAPITAL STOCK	110,000	110,000	110,000	110,000	110,000	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	700,643	643,985	507,112	429,112	389,239	9
TOTAL PROPRIETARY CAPITAL	958,793	902,135	765,262	687,262	665,839	10
BONDS(LESS BONDS REACQUIRED)	2,501,741	1,714,547	1,770,443	1,851,909	1,935,811	11
ADVANCES FROM AFFILIATED COMPANIES	-	-	-	-	-	12
OTHER LONG-TERM DEBT	-	-	-	-	-	13
TOTAL LONG-TERM DEBT	2,501,741	1,714,547	1,770,443	1,851,909	1,935,811	14
NOTES & ACCTS PAY TO AFFILIATED CO'S	-	-	-	-	-	15
OTHER NOTES AND ACCOUNTS PAYABLE	268,834	779,005	298,436	155,585	213,115	16
CUSTOMERS' DEPOSITS	3,100	2,700	2,375	3,000	3,115	17
ADVANCE BILLING AND PAYMENTS	13,558	12,784	11,926	10,960	7,937	18
TAXES ACCRUED	9,222-	14,390	4,867	659	428	19
OTHER CURRENT AND ACCRUED LIABILITIES	17,080	15,319	24,808	14,889	14,160	20
TOTAL CURRENT AND ACCRUED LIABILITIES	293,350	824,198	342,412	185,093	238,755	21
UNAMORTIZED PREMIUM ON DEBT	-	-	-	-	-	22
ACCUM. DEFERRED INVESTMENT TAX CREDITS	120,751	118,113	50,842	37,709	39,542	23
OTHER DEFERRED CREDITS	26,416	20,525	14,465	9,510	5,936	24
TOTAL DEFERRED CREDITS	147,167	138,638	65,307	47,219	45,478	25
OPERATING RESERVES	126,777	120,332	129,948	90,471	53,577	26
ACCUM. DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION	155,153	137,190	166,345	177,147	173,518	27
ACCUM. DEFERRED INCOME TAXES - OTHER	3,781	2,412	2,147	3,754	6,984	28
TOTAL LIABILITIES AND OTHER CREDITS	$ 4,186,762	$ 3,839,452	$ 3,241,864	$ 3,042,855	$ 3,119,962	29
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS/CURRENT LIABILITIES	2.05	0.66	1.45	1.68	1.22	30
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	72.2	65.5	69.8	72.9	74.4	31
PREFERRED STOCK	3.1	4.2	4.3	4.3	4.2	32
COMMON STOCK & OTHER PAID-IN CAPITAL	4.2	5.6	5.8	5.8	6.4	33
RETAINED EARNINGS	20.2	24.6	19.9	16.8	14.9	34
LONG TERM DEBT % OF GROSS UTILITY PLANT	51.7	33.9	41.0	45.5	48.6	35
ACCUM. PROV. FOR DEPR & AMORT. %OF UTIL. PLT	31.8	38.2	39.4	35.9	31.8	36

NEWPORT TELEPHONE COMPANY, INC
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
		SOURCES OF FUNDS				
	INTERNAL					
1	NET INCOME	$ 81,968	$ 160,125	$ 98,130	$ 59,792	$ 32,649-
2	DEPRECIATION AND AMORTIZATION	256,184	241,948	249,728	193,511	189,198
3	DEFERRED INCOME TAXES (NET)	25,721	38,381	724	1,434-	12,239-
4	INTEREST CAPITALIZED	-	-	-	-	-
5	OTHER (NET)	17,769	12,309	8,869	1,754	1,848
6	SUBTOTAL	381,642	452,763	357,451	253,623	146,158
7	EXTRAORDINARY ITEMS	2,058-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	379,584	452,763	357,451	253,623	146,158
9	LESS DIVIDENDS PREFERRED	6,600	6,600	6,600	6,600	6,600
	COMMON	16,652	16,652	13,530	13,319	14,424
11	NET FUNDS - INTERNAL SOURCES	356,332	429,511	337,321	233,704	125,134
	EXTERNAL					
12	LONG TERM DEBT	844,907	-	-	-	-
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	-	446,563	97,120	-	23,330
17	OTHER (NET)	-	-	-	-	-
18	TOTAL FUNDS - EXTERNAL SOURCES	844,907	446,563	97,120	-	23,330
	OTHER SOURCES					
19	NET DECREASE IN WORKING CAPITAL	-	-	-	-	37,794
20	OTHER	49,339	31,493	66,322	58,096	58,066
21	TOTAL FUNDS PROVIDED	$ 1,250,578	$ 907,567	$ 500,763	$ 291,800	$ 244,324
		USES OF FUNDS				
	CONSTRUCTION EXPENDITURES					
22	TELEPHONE PLANT	$ 480,426	$ 783,211	$ 285,837	$ 115,965	$ 149,468
23	NON-UTILITY PLANT	-	20,126	-	-	-
24	OTHER	-	-	5,515	-	-
25	TOTAL CONSTRUCTION	480,426	803,337	291,352	115,965	149,468
26	LESS INTEREST CAPITALIZED	-	-	-	-	-
27	TOTAL EXCLUDING INTEREST CAPITALIZED	480,426	803,337	291,352	115,965	149,468
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	57,713	55,896	81,466	83,902	76,456
29	PREFERRED STOCK	-	-	-	-	-
30	REDEMPTION OF CAPITAL STOCK	-	-	-	18,450	18,400
31	NET DECREASE IN SHORT TERM DEBT	502,797	-	-	9,978	-
32	OTHER (NET)	-	-	-	-	-
33	TOTAL RETIREMENT OF SECURITIES	560,510	55,896	81,466	112,330	94,856
	OTHER USES					
34	NET INCREASE IN WORKING CAPITAL	81,380	16,618	121,162	61,932	-
35	OTHER	128,262	31,716	6,783	1,573	-
36	TOTAL FUNDS APPLIED	$ 1,250,578	$ 907,567	$ 500,763	$ 291,800	$ 244,324

NEWPORT TELEPHONE COMPANY, INC
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
TELEPHONE OPERATING INCOME						
OPERATING REVENUES	$ 1,705,615 $	1,563,897 $	1,477,034 $	1,346,454 $	1,106,309	1
OPERATION AND MAINTENANCE EXPENSE	954,816	833,149	807,605	797,064	673,464	2
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	3
DEPRECIATION	255,264	241,161	248,941	192,724	188,411	4
AMORTIZATION	-	-	-	-	-	5
TAXES OTHER THAN INCOME TAXES-OPERATING	205,236	187,581	178,836	180,316	164,516	6
INCOME TAXES-OPERATING	30,467	100,978	18,093	1,794	2,706-	7
OPERATING INCOME TAXES DEFERRED	11,329	27,848-	9,046	8,771	7,526	8
INCOME TAXES DEFERRED IN PRIOR_YEARS-CR	8,003	1,042-	16,335-	8,372-	17,059-	9
TOTAL OPERATING EXPENSES	1,465,115	1,333,979	1,246,186	1,172,297	1,014,152	10
TOTAL TELEPHONE OPERATING INCOME	240,500	229,918	230,848	174,157	92,157	11
OTHER INCOME						
DIVIDEND INCOME	-	-	-	-	-	12
INTEREST INCOME	3,691	3,387	1,736	468	1,358	13
ALLOWANCE FOR CONSTRUCTION FUNDS	-	-	-	-	-	14
INCOME FROM SINKING AND OTHER FUNDS	-	-	-	-	-	15
INCOME FROM MISC PHYSICAL PROPERTY	893	2,264	1,837	377	222	16
MISCELLANEOUS INCOME	25,112-	2,106	54,439-	26,246-	32,529-	17
TOTAL OTHER INCOME	20,528-	7,757	50,866-	25,401-	30,949-	18
TOTAL INCOME	219,972	237,675	179,982	148,756	61,208	19
INCOME DEDUCTIONS						
TAXES OTHER THAN INC TAXES-NONOPERATING	290	354	535	812	2,656	20
INCOME TAXES-NONOPERATING	-	-	-	-	-	21
MISCELLANEOUS INCOME CHARGES	2,001	1,629	1,264	706	421	22
TOTAL INCOME DEDUCTIONS	2,291	1,983	1,799	1,518	3,077	23
INCOME BEFORE INTEREST CHARGES	217,681	235,692	178,183	147,238	58,131	24
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	73,879	57,627	61,773	68,306	75,757	25
AMORT OF DEBT DISCOUNT AND EXPENSE	920	787	787	787	787	26
AMORT OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	27
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	28
OTHER INTEREST EXPENSE	60,914	17,153	17,493	18,353	14,236	29
TOTAL INTEREST CHARGES	135,713	75,567	80,053	87,446	90,780	30
INCOME BEFORE EXTRAORDINARY/DELAYED ITEMS	81,968	160,125	98,130	59,792	32,649-	31
EXTRAORDINARY & DELAYED ITEMS - NET LESS TAX EFFECT	2,058-	-	-	-	-	32
NET INCOME	$ 79,910 $	160,125 $	98,130 $	59,792 $	32,649-	33
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 643,985 $	507,112 $	429,112 $	389,239 $	442,912	34
TRANSFERRED FROM INCOME	79,910	160,125	98,130	59,792	32,649-	35
MISCELLANEOUS CREDITS	-	-	-	-	-	36
MISCELLANEOUS DEBITS	-	-	-	-	-	37
APPROPRIATIONS	-	-	-	-	-	38
DIVIDENDS DECLARED-PREFERRED STOCK	6,600	6,600	6,600	6,600	6,600	39
-COMMON STOCK	16,652	16,652	13,530	13,319	14,424	40
BALANCE END OF YEAR	700,643	643,985	507,112	429,112	389,239	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 700,643 $	643,985 $	507,112 $	429,112 $	389,239	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME-PERCENT OF OPERATING REVENUES	4.6	10.2	6.6	4.4	2.8-	44
PRETAX COVERAGE OF INTEREST CHARGES	1.9	3.9	2.3	1.7	0.5	45
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	22.7	10.8	14.7	25.0	36.6-	46
RETURN ON COMMON EQUITY	8.9	21.2	14.8	9.3	6.5-	47

NEWPORT TELEPHONE COMPANY, INC
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	TELEPHONE OPERATING REVENUES					
1	LOCAL REVENUES	$ 593,111	$ 566,040	$ 522,517	$ 473,635	$ 371,732
2	ACCESS REVENUES	180,383	207,393	197,097	-	-
3	TOLL REVENUES	826,325	724,172	686,844	848,954	713,419
4	MISCELLANEOUS REVENUES	109,996	82,429	79,463	30,921	24,587
5	UNCOLLECTIBLE REVENUES-DR	4,200	16,137	8,888	7,056	3,429
6	TOTAL OPERATING REVENUES	$ 1,705,615	$ 1,563,897	$ 1,477,033	$ 1,346,454	$ 1,106,309
7	ACCESS LINES IN SERVICE	2,624	2,576	2,525	2,454	2,375
	TELEPHONE OPERATING REVENUE RELATIONSHIPS					
	REVENUE PER AVERAGE ACCESS LINE*					
8	LOCAL REVENUE	$ 228.12	$ 221.93	$ 209.89	$ 196.16	$ 161.17
9	ACCESS REVENUE	69.38	81.31	79.17		
10	TOLL REVENUE	317.82	283.93	275.90	351.61	309.31

*YEAR END AVERAGE

LINE NO	ITEM	1987	1986	1985	1984	1983
	OPERATION AND MAINTENANCE EXPENSES					
11	MAINTENANCE EXPENSES	$ 333,456	$ 277,509	$ 247,972	$ 262,765	$ 247,671
12	DEPRECIATION & AMORTIZATION	255,264	241,161	248,941	192,724	188,411
13	TRAFFIC EXPENSES	43,462	51,709	35,851	39,375	9,168
14	COMMERCIAL EXPENSES	92,848	80,752	69,692	61,952	51,468
15	ACCESS EXPENSES	-	-	-	-	-
16	GENERAL OFFICE SALARIES & EXPENSES	330,001	289,006	306,680	285,306	225,789
17	OTHER OPERATING EXPENSES	155,049	134,173	147,410	147,666	139,369
18	TOTAL O & M EXPENSES	$ 1,210,080	$ 1,074,310	$ 1,056,546	$ 989,788	$ 861,875

NEWPORT TELEPHONE COMPANY, INC
DISTRIBUTION OF TELEPHONE REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
REVENUES	$ 1,705,615	$ 1,563,897	$ 1,477,034	$ 1,346,454	$ 1,106,309	1
ACCESS LINES - AVERAGE*	2,600	2,551	2,490	2,415	2,307	2
DOLLAR AMOUNTS						
WAGES AND BENEFITS	$ 455,091	$ 379,401	$ 421,896	$ 395,499	$ 366,363	3
OTHER OPERATION AND MAINTENANCE EXPENSES	499,725	453,748	385,709	401,565	307,101	4
DEPRECIATION AND AMORTIZATION EXPENSES	255,264	241,161	248,941	192,724	188,411	5
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	6
INCOME TAXES - OPERATING	49,799	72,088	10,804	2,193	12,239-	7
OTHER TAXES - OPERATING	205,236	187,581	178,836	180,316	164,516	8
INTEREST CHARGES **	135,713	75,567	80,053	87,446	90,780	9
PREFERRED DIVIDENDS**	6,600	6,600	6,600	6,600	6,600	10
EARNINGS AVAILABLE FOR COMMON EQUITY	98,187	147,751	144,195	80,111	5,223-	11
TOTAL	$ 1,705,615	$ 1,563,897	$ 1,477,034	$ 1,346,454	$ 1,106,309	12
PERCENT OF REVENUES						
WAGES AND BENEFITS	26.7	24.3	28.6	29.4	33.1	13
OTHER OPERATION AND MAINTENANCE EXPENSES	29.3	29.0	26.1	29.8	27.8	14
DEPRECIATION AND AMORTIZATION EXPENSES	15.0	15.4	16.9	14.3	17.0	15
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	16
INCOME TAXES - OPERATING	2.9	4.6	0.7	0.2	1.0-	17
OTHER TAXES - OPERATING	12.0	12.0	12.1	13.4	14.9	18
INTEREST CHARGES**	8.0	4.8	5.4	6.5	8.2	19
PREFERRED DIVIDENDS **	0.4	0.4	0.4	0.5	0.6	20
EARNINGS AVAILABLE FOR COMMON EQUITY	5.8	9.4	9.8	5.9	0.4-	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
DOLLARS PER AVERAGE ACCESS LINE PER MONTH						
WAGES AND BENEFITS	$ 14.59	$ 12.40	$ 14.12	$ 13.65	$ 13.24	23
OTHER OPERATION AND MAINTENANCE EXPENSES	16.02	14.83	12.91	13.86	11.10	24
DEPRECIATION AND AMORTIZATION EXPENSES	8.18	7.88	8.33	6.65	6.81	25
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	26
INCOME TAXES - OPERATING	1.60	2.36	0.36	0.08	0.43-	27
OTHER TAXES - OPERATING	6.58	6.13	5.99	6.22	5.94	28
						29
INTEREST CHARGES **	4.35	2.47	2.68	3.02	3.28	
PREFERRED DIVIDENDS **	0.21	0.22	0.22	0.23	0.24	30
EARNINGS AVAILABLE FOR COMMON EQUITY	3.15	4.83	4.83	2.76	0.18-	31
TOTAL	$ 54.67	$ 51.10	$ 49.44	$ 46.47	$ 39.97	32

* YEAR END AVERAGE

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NEW YORK TELEPHONE COMPANY
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF TELEPHONE PLANT
FOR THE YEARS ENDED DECEMBER 31

ASSETS AND OTHER DEBITS

LINE NO	ITEM	1987	1986	1985	1984	1983
1	TELEPHONE PLANT	$ 16,815,778,924	$ 15,966,745,998	$ 15,188,458,739	$ 14,317,938,922	$ 15,155,500,357
2	ACCUM PROV FOR DEPR & AMORT	5,125,798,965	4,478,712,894	4,052,800,147	3,582,356,608	3,295,550,086
3	NET TELEPHONE PLANT	11,689,979,959	11,488,033,104	11,135,658,592	10,735,582,314	11,859,950,271
4	INVESTMENTS IN AFFILIATED COMPANIES	191,062,972	151,062,973	81,838,045	62,556,733	62,522,126
5	ADVANCES TO AFFILIATED COMPANIES	6,208	29,211	162	-	-
6	MISCELLANEOUS PHYSICAL PROPERTY	5,574,668	14,460,359	14,647,294	20,011,898	10,339,353
7	OTHER INVESTMENTS AND FUNDS	1,798,814	2,298,902	2,507,394	2,867,750	3,202,724
8	TOTAL INVESTMENTS AND FUNDS	198,442,662	167,851,445	98,992,895	85,436,381	76,064,203
9	CASH AND WORKING FUNDS	88,990,469	68,660,735	69,466,535	92,349,664	57,972,093
10	SPECIAL CASH DEPOSITS	611,689	1,781,855	22,732,792	22,957,860	29,512,522
11	TEMPORARY CASH INVESTMENTS	2,206,021	40,355,603	6,275,570	3,026,639	9,781,523
12	NOTES & ACCT'S REC -AFFILIATED CO'S	61,532,345	19,698,665	12,683,641	28,260,871	43,250,104
13	OTHER NOTES AND ACCOUNTS RECEIVABLE	60,238,537	56,417,725	285,036,020	313,806,568	33,807,194
14	DUE - CUST & AGENTS LESS ACCUM PROV - UNCOLLECTIBLE ACCTS	1,314,109,809	1,312,040,245	1,075,972,710	924,813,540	1,044,219,323
15	MATERIALS AND SUPPLIES	94,509,578	84,836,272	63,660,676	48,594,890	68,279,644
16	MERCH AND MATERIAL HELD FOR SALE	-	-	114,791	51,352	369,631
17	PREPAYMENTS	23,384,290	22,086,112	21,991,797	29,005,193	108,863,640
18	OTHER CURRENT AND ACCRUED ASSETS	1,988,588	1,024,065	3,780,895	874,940	937,830
19	TOTAL CURRENT AND ACCRUED ASSETS	1,647,571,326	1,606,903,277	1,561,715,427	1,463,741,517	1,396,993,504
20	UNAMORTIZED DEBT DISCOUNT AND EXPENSE	204,156,805	207,414,922	79,910,452	82,877,631	40,723,819
21	EXTRAORDINARY MAINTENANCE & RETIREMENTS	-	-	-	-	-
22	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
23	OTHER DEFERRED DEBITS	498,098,177	505,657,620	503,049,099	381,020,439	288,000,239
24	TOTAL DEFERRED DEBITS	702,254,982	713,072,542	582,959,551	463,898,070	328,724,058
25	TOTAL ASSETS AND OTHER DEBITS	14,238,248,929	$ 13,975,860,368	$ 13,379,326,465	$ 12,748,658,282	$ 13,661,732,036

TELEPHONE PLANT

LINE NO	ITEM	1987	1986	1985	1984	1983
26	PLANT IN SERVICE	$ 16,334,379,061	$ 15,485,804,765	$ 14,719,715,570	$ 13,841,107,927	$ 14,744,350,597
27	PLANT UNDER CONSTRUCTION	480,414,475	480,822,219	468,373,324	474,966,589	410,502,315
28	PROPERTY HELD FOR FUTURE USE	985,388	119,014	369,845	1,864,406	647,445
29	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
30	PLANT ADJUSTMENTS	-	-	-	-	-
31	TOTAL TELEPHONE UTILITY PLANT	16,815,778,924	15,966,745,998	15,188,458,739	14,317,938,922	15,155,500,357
32	ACCUM PROV FOR DEPR AND AMORT	5,125,798,965	4,478,712,894	4,052,800,147	3,582,356,608	3,295,550,086
33	NET TELEPHONE PLANT	11,689,979,959	11,488,033,104	11,135,658,592	10,735,582,314	11,859,950,271
	PLANT IN SERVICE					
34	BEGINNING OF YEAR	15,485,804,765	14,719,715,570	13,841,107,927	12,947,130,895	14,062,711,803
35	ADDITIONS	1,473,915,580	1,335,579,784	1,270,333,401	1,084,656,639	1,271,388,795
36	RETIREMENTS	596,357,899	549,532,943	389,587,152	252,947,215	589,750,001
37	TRANSFERS AND ADJUSTMENTS	28,983,385-	19,957,646-	2,138,606-	62,267,608	-
38	END OF YEAR	$ 16,334,379,061	$ 15,485,804,765	$ 14,719,715,570	$ 13,841,107,927	$ 14,744,350,597

STARTING WITH THE YEAR 1983 CERTAIN OPENING BALANCES DIFFER FROM THE CORRESPONDING CLOSING BALANCES OF THE PRIOR YEAR THIS IS DUE PRIMARILY TO THE TRANSFER OF ASSETS TO AT&T INFORMATION SYSTEMS AND AT&T COMMUNICATIONS AS A RESULT OF THE DIVESTITURE AGREEMENT

NEW YORK TELEPHONE COMPANY
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 3,953,533,290	$ 3,953,533,290	$ 3,953,533,290	$ 3,924,189,409	$ 4,475,167,652	1
PREFERRED CAPITAL STOCK	-	-	-	-	-	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	1,604,833,046	1,367,965,859	1,090,875,222	988,634,178	1,010,164,453	9
TOTAL PROPRIETARY CAPITAL	5,558,366,336	5,321,499,149	5,044,408,512	4,912,823,587	5,485,332,105	10
BONDS(LESS BONDS REACQUIRED)	4,124,846,000	3,824,846,000	3,681,569,000	3,782,007,000	3,752,000,000	11
ADVANCES FROM AFFILIATED COMPANIES	-	-	-	-	413,800,021	12
OTHER LONG-TERM DEBT	18,287,204	19,791,729	21,240,728	21,618,656	3,802,643	13
TOTAL LONG-TERM DEBT	4,143,133,204	3,844,637,729	3,702,809,728	3,803,625,656	4,169,602,664	14
NOTES & ACCTS PAY TO AFFILIATED CO'S	185,199,857	285,904,113	209,436,405	131,396,069	132,601,297	15
OTHER NOTES AND ACCOUNTS PAYABLE	708,765,531	797,034,722	945,155,540	763,263,005	669,320,982	16
CUSTOMERS' DEPOSITS	45,278,986	41,985,515	42,865,542	62,002,430	63,273,163	17
ADVANCE BILLING AND PAYMENTS	120,261,907	117,251,916	110,158,570	106,072,329	133,600,028	18
TAXES ACCRUED	176,150,417	235,403,524	184,789,717	212,036,669	80,668,305	19
OTHER CURRENT AND ACCRUED LIABILITIES	252,739,330	257,257,215	251,060,856	102,057,401	118,231,965	20
TOTAL CURRENT AND ACCRUED LIABILITIES	1,488,396,028	1,734,837,005	1,743,466,630	1,376,827,903	1,197,695,740	21
UNAMORTIZED PREMIUM ON DEBT	1,318,894	1,426,324	1,533,754	1,641,184	1,748,614	22
ACCUM. DEFERRED INVESTMENT TAX CREDITS	515,073,977	567,557,079	569,073,907	547,931,187	614,079,370	23
OTHER DEFERRED CREDITS	76,635,519	53,576,739	58,125,927	65,233,205	102,692,680	24
TOTAL DEFERRED CREDITS	593,028,390	622,560,142	628,733,588	614,805,576	718,520,664	25
OPERATING RESERVES	27,638,400	8,552,272	10,327,226	6,573,882	11,028,698	26
ACCUM. DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION	2,097,680,206	2,090,064,152	1,960,848,042	1,804,651,444	1,918,680,907	27
ACCUM. DEFERRED INCOME TAXES - OTHER	330,006,365	353,709,919	288,732,740	229,350,234	160,871,258	28
TOTAL LIABILITIES AND OTHER CREDITS	$ 14,238,248,929	$ 13,975,860,368	$ 13,379,326,465	$ 12,748,658,282	$ 13,661,732,036	29
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS/CURRENT LIABILITIES	1.11	0.93	0.90	1.06	1.17	30
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	42.7	41.9	42.3	43.6	43.1	31
PREFERRED STOCK	-	-	-	-	-	32
COMMON STOCK & OTHER PAID-IN CAPITAL	40.7	43.1	45.1	45.0	46.3	33
RETAINED EARNINGS	16.5	14.9	12.4	11.3	10.4	34
LONG TERM DEBT % OF GROSS UTILITY PLANT	24.6	24.0	24.3	25.5	27.5	35
ACCUM. PROV. FOR DEPR & AMORT. %OF UTIL. PLT	30.4	28.0	26.6	25.0	21.7	36

STARTING WITH THE YEAR 1983 CERTAIN OPENING BALANCES DIFFER FROM THE CORRESPONDING CLOSING BALANCES OF THE PRIOR YEAR. THIS IS DUE PRIMARILY TO THE TRANSFER OF ASSETS TO AT&T INFORMATION SYSTEMS AND AT&T COMMUNICATIONS AS A RESULT OF THE DIVESTITURE AGREEMENT

NEW YORK TELEPHONE COMPANY
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
				SOURCES OF FUNDS		
	INTERNAL					
1	NET INCOME	$ 880,969,929	$ 891,023,157	$ 690,493,998	$ 653,108,547	$ 565,414,298
2	DEPRECIATION AND AMORTIZATION	1,241,148,998	976,639,911	852,830,037	783,260,870	837,475,404
3	DEFERRED INCOME TAXES (NET)	68,570,602-	192,676,461	236,721,824	261,030,272	311,293,525
4	INTEREST CAPITALIZED	51,870,513-	43,612,892-	48,128,789-	42,546,685-	40,295,324-
5	OTHER (NET)	-	-	-	-	-
6	SUBTOTAL	2,001,677,812	2,016,726,637	1,731,917,070	1,654,853,004	1,773,887,903
7	EXTRAORDINARY ITEMS	4,586,528	901,889	2,818,569	7,400,082	29,526,496-
8	TOTAL FUNDS - INTERNAL SOURCES	2,006,264,340	2,017,628,526	1,734,736,639	1,662,253,086	1,744,361,407
9	LESS DIVIDENDS PREFERRED	-	-	-	-	-
	COMMON	648,636,000	615,276,000	587,304,000	561,792,000	625,539,887
11	NET FUNDS - INTERNAL SOURCES	1,357,628,340	1,402,352,526	1,147,431,639	1,100,461,086	1,118,821,520
	EXTERNAL					
12	LONG TERM DEBT	298,495,475	141,828,001	-	47,822,992	380,648,416
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	29,343,881	56,000,692	10,931,899
15	NET INCREASE IN SHORT TERM DEBT	-	-	-	-	-
17	OTHER (NET)	-	-	-	-	-
18	TOTAL FUNDS - EXTERNAL SOURCES	298,495,475	141,828,001	29,343,881	103,823,684	391,580,315
	OTHER SOURCES					
19	NET DECREASE IN WORKING CAPITAL	-	-	285,651,421	279,659,389	100,340,866
20	OTHER	24,201,357	441,591	3,767,523-	3,922,378-	-
21	TOTAL FUNDS PROVIDED	$ 1,680,325,172	$ 1,544,622,118	$ 1,458,659,418	$ 1,480,021,781	$ 1,610,742,701
				USES OF FUNDS		
	CONSTRUCTION EXPENDITURES					
22	TELEPHONE PLANT	$ 1,446,329,568	$ 1,330,807,905	$ 1,261,096,620	$ 1,187,296,901	$ 1,241,130,230
23	NON-UTILITY PLANT	-	-	-	-	-
24	OTHER	-	-	-	-	-
25	TOTAL CONSTRUCTION	1,446,329,568	1,330,807,905	1,261,096,620	1,187,298,901	1,241,130,230
26	LESS INTEREST CAPITALIZED	51,870,513	43,612,892	48,128,789	42,546,685	40,295,324
27	TOTAL EXCLUDING INTEREST CAPITALIZED	1,394,459,055	1,287,195,013	1,212,967,831	1,144,752,216	1,200,834,906
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	-	-	100,815,928	-	-
29	PREFERRED STOCK	-	-	-	-	-
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	-	24,000,000	228,883,000	339,594,000
32	OTHER (NET)	-	-	-	-	-
33	TOTAL RETIREMENT OF SECURITIES	-	-	124,815,928	228,883,000	339,594,000
	OTHER USES					
34	NET INCREASE IN WORKING CAPITAL	285,812,847	53,721,160	-	-	-
35	OTHER	53,270	203,705,945	120,875,659	106,386,565	70,313,795
36	TOTAL FUNDS APPLIED	$ 1,680,325,172	$ 1,544,622,118	$ 1,458,659,418	$ 1,480,021,781	$ 1,610,742,701

NEW YORK TELEPHONE COMPANY
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
TELEPHONE OPERATING INCOME						
OPERATING REVENUES	$ 7,277,818,082	$ 7,102,795,437	$ 6,633,947,992	$ 6,399,085,634	$ 7,052,122,204	1
OPERATION AND MAINTENANCE EXPENSE	3,618,709,891	3,567,093,602	3,427,884,066	3,312,183,329	3,756,701,479	2
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	3
DEPRECIATION	1,235,382,008	971,769,219	850,546,537	781,896,131	836,257,220	4
AMORTIZATION	-	-	-	-	-	5
TAXES OTHER THAN INCOME TAXES-OPERATING	919,369,379	890,179,952	843,377,922	951,457,983	1,001,662,561	6
INCOME TAXES-OPERATING	286,742,959	225,848,301	241,755,477	95,201,150	108,371,053	7
OPERATING INCOME TAXES DEFERRED	304,558,833	393,308,625	362,256,191	370,098,733	365,236,400	8
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	227,539,364-	107,436,326-	74,026,132-	63,941,427-	39,155,337-	9
TOTAL OPERATING EXPENSES	6,137,223,706	5,940,763,373	5,651,794,061	5,446,895,899	6,029,073,376	10
TOTAL TELEPHONE OPERATING INCOME	1,140,594,376	1,162,032,064	982,153,931	952,189,735	1,023,048,828	11
OTHER INCOME						
DIVIDEND INCOME	25,059,667	~~14,910,667~~	11,083,183	7,200,000	7,200,000	12
INTEREST INCOME	5,328,399	15,916,833	8,528,124	10,646,370	15,779,315	13
ALLOWANCE FOR CONSTRUCTION FUNDS	51,870,513	43,612,892	48,128,789	42,546,685	40,295,324	14
INCOME FROM SINKING AND OTHER FUNDS	60,818	60,818	60,818	60,818	58,223	15
INCOME FROM MISC. PHYSICAL PROPERTY	1,049,225	94,575	536,698-	2,077,109	713,487-	16
MISCELLANEOUS INCOME	3,738,926-	7,888,981	3,088,465	21,683,806	374,618-	17
TOTAL OTHER INCOME	79,629,696	82,484,766	70,352,681	84,214,788	62,244,757	18
TOTAL INCOME	1,220,224,072	1,244,516,830	1,052,506,612	1,036,404,523	1,085,293,585	19
INCOME DEDUCTIONS						
TAXES OTHER THAN INC. TAXES-NONOPERATING	1,172,890	134,989	861,580	2,764,932	1,993,100	20
INCOME TAXES-NONOPERATING	3,052,211-	3,759,605	2,298,032	11,772,324	1,048,632	21
MISCELLANEOUS INCOME CHARGES	13,335,278	14,134,779	10,135,185	8,829,636	11,569,142	22
TOTAL INCOME DEDUCTIONS	11,455,957	18,029,373	13,294,797	23,366,892	14,610,874	23
INCOME BEFORE INTEREST CHARGES	1,208,768,115	1,226,487,457	1,039,211,815	1,013,037,631	1,070,682,711	24
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	300,226,281	304,923,891	314,107,599	324,386,852	315,450,944	25
AMORT. OF DEBT DISCOUNT AND EXPENSE	5,874,420	4,978,122	2,390,930	1,472,169	1,325,614	26
AMORT. OF PREMIUM ON DEBT-CREDIT	107,430-	107,430-	107,430-	107,430-	107,430-	27
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	28
OTHER INTEREST EXPENSE	21,804,915	25,669,717	32,326,718	34,177,493	88,599,285	29
TOTAL INTEREST CHARGES	327,798,186	335,464,300	348,717,817	359,929,084	405,268,413	30
INCOME BEFORE EXTRAORDINARY/DELAYED ITEMS	880,969,929	891,023,157	690,493,998	653,108,547	665,414,298	31
EXTRAORDINARY & DELAYED ITEMS - NET LESS TAX EFFECT	4,586,528	901,889	2,818,569	7,400,082	29,526,496-	32
NET INCOME	$ 885,556,457	$ 891,925,046	$ 693,312,567	$ 660,508,629	$ 635,887,802	33
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 1,367,912,589	$ 1,091,316,813	$ 988,634,178	$ 889,917,549	$ 999,816,538	34
TRANSFERRED FROM INCOME	885,556,457	891,925,046	693,312,567	660,508,629	635,887,802	35
MISCELLANEOUS CREDITS	-	-	-	-	-	36
MISCELLANEOUS DEBITS	-	-	3,767,523	-	-	37
APPROPRIATIONS	-	-	-	-	-	38
DIVIDENDS DECLARED-PREFERRED STOCK	-	-	-	-	-	39
-COMMON STOCK	648,636,000	615,276,000	587,304,000	561,792,000	625,539,887	40
BALANCE END OF YEAR	1,604,833,046	1,367,965,859	1,090,875,222	988,634,178	1,010,164,453	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 1,604,833,046	$ 1,367,965,859	$ 1,090,875,222	$ 988,634,178	$ 1,010,164,453	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME-PERCENT OF OPERATING REVENUES	12.1	12.5	10.4	10.3	9.0	44
PRETAX COVERAGE OF INTEREST CHARGES	4.8	5.2	4.5	4.0	3.7	45
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	73.2	68.9	84.7	85.0	98.3	46
RETURN ON COMMON EQUITY	16.2	17.2*	13.9	12.7	11.6	47

*THE RETURN SHOWN REFLECTS NYT'S INTERSTATE, AS WELL AS INTRASTATE, OPERATIONS. IN ADDITION, THE CALCULATED RETURN DIFFERS FROM THE COMPANY'S PUBLISHED STATEMENTS BECAUSE CERTAIN TAX DEDUCTIONS RELATED TO 1984 AND 1985 WERE REFLECTED IN THE PSC REPORT IN 1986, INCREASING THE REPORTED 1986 RETURN ON COMMON EQUITY FROM 16.0% TO 17.2%

STARTING WITH THE YEAR 1983 CERTAIN OPENING BALANCES DIFFER FROM THE CORRESPONDING CLOSING BALANCES OF THE PRIOR YEAR. THIS IS DUE PRIMARILY TO THE TRANSFER OF ASSETS TO AT&T INFORMATION SYSTEMS AND AT&T COMMUNICATIONS AS A RESULT OF THE DIVESTITURE AGREEMENT

NEW YORK TELEPHONE COMPANY
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

TELEPHONE OPERATING REVENUES

LINE NO	ITEM	1987	1986	1985	1984	1983
1	LOCAL REVENUES	$ 4,333,545,867	$ 4,365,277,245	$ 4,074,886,050	$ 3,822,505,176	$ 4,081,785,998
2	ACCESS REVENUES	2,167,097,517	2,022,043,988	1,696,874,464	-	-
3	TOLL REVENUES	403,802,825	400,101,457	484,646,319	601,385,696	2,842,237,148
4	MISCELLANEOUS REVENUES	404,371,873	371,172,875	417,751,182	2,018,068,596	215,393,693
5	UNCOLLECTIBLE REVENUES-DR	31,000,000	55,800,128	40,210,023	42,873,834	87,294,635
6	TOTAL OPERATING REVENUES	$ 7,277,818,082	$ 7,102,795,437	$ 6,633,947,992	$ 6,399,085,634	$ 7,052,122,204
7	ACCESS LINES IN SERVICE	9,227,488	8,987,092	8,819,528	8,506,632	8,357,628

TELEPHONE OPERATING REVENUE RELATIONSHIPS

LINE NO	ITEM	1987	1986	1985	1984	1983
	REVENUE PER AVERAGE ACCESS LINE*					
8	LOCAL REVENUE	$ 475.83	$ 490.30	$ 470.37	$ 453.33	$ 492.71
9	ACCESS REVENUE	237.95	227.11	195.87		
10	TOLL REVENUE	44.34	44.94	55.94	71.32	343.08

*YEAR END AVERAGE

OPERATION AND MAINTENANCE EXPENSES

LINE NO	ITEM	1987	1986	1985	1984	1983
11	MAINTENANCE EXPENSES	$ 1,554,938,496	$ 1,520,145,917	$ 1,467,366,606	$ 1,439,681,316	$ 1,667,171,946
12	DEPRECIATION & AMORTIZATION	1,235,382,008	971,769,219	850,546,537	781,896,131	836,257,220
13	TRAFFIC EXPENSES	204,300,495	215,049,505	200,369,951	202,941,427	275,629,707
14	COMMERCIAL EXPENSES	561,563,614	537,911,861	494,638,904	553,874,304	665,738,046
15	ACCESS EXPENSES	-	-	-	-	-
16	GENERAL OFFICE SALARIES & EXPENSES	524,159,124	497,906,768	439,781,784	408,719,950	440,401,761
17	OTHER OPERATING EXPENSES	776,745,114	796,079,551	825,726,821	706,966,332	707,760,019
18	TOTAL O & M EXPENSES	$ 4,857,088,851	$ 4,538,862,821	$ 4,278,430,603	$ 4,094,079,460	$ 4,592,958,699

NEW YORK TELEPHONE COMPANY
DISTRIBUTION OF TELEPHONE REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
REVENUES	$ 7,277,818,082	$ 7,102,795,437	$ 6,633,947,992	$ 6,399,085,634	$ 7,052,122,204	1
ACCESS LINES - AVERAGE*	9,107,290	8,903,310	8,663,080	8,432,130	8,284,375	2
DOLLAR AMOUNTS						
WAGES AND BENEFITS	$ 1,859,203,506	$ 2,080,842,540	$ 1,914,482,736	$ 2,178,541,378	$ 2,654,508,566	3
OTHER OPERATION AND MAINTENANCE EXPENSES	1,759,506,385	1,486,251,062	1,513,401,330	1,133,641,951	1,102,192,913	4
DEPRECIATION AND AMORTIZATION EXPENSES	1,235,382,008	971,769,219	850,546,537	781,896,131	836,257,220	5
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	6
INCOME TAXES - OPERATING	363,762,428	511,720,600	529,985,536	401,358,456	434,452,116	7
OTHER TAXES - OPERATING	919,369,379	890,179,952	843,377,922	951,457,983	1,001,662,561	8
INTEREST CHARGES **	313,806,652	323,711,131	332,787,188	344,867,558	391,647,788	9
PREFERRED DIVIDENDS**	-	-	-	-	-	10
EARNINGS AVAILABLE FOR COMMON EQUITY	826,787,724	838,320,933	649,366,743	607,322,177	631,401,040	11
TOTAL	$ 7,277,818,082	$ 7,102,795,437	$ 6,633,947,992	$ 6,399,085,634	$ 7,052,122,204	12
PERCENT OF REVENUES						
WAGES AND BENEFITS	25.5	29.3	28.9	34.0	37.6	13
OTHER OPERATION AND MAINTENANCE EXPENSES	24.2	20.9	22.8	17.7	15.6	14
DEPRECIATION AND AMORTIZATION EXPENSES	17.0	13.7	12.8	12.2	11.9	15
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	16
INCOME TAXES - OPERATING	5.0	7.2	8.0	6.3	6.2	17
OTHER TAXES - OPERATING	12.6	12.5	12.7	14.9	14.2	18
INTEREST CHARGES**	4.3	4.6	5.0	5.4	5.6	19
PREFERRED DIVIDENDS **	-	-	-	-	-	20
EARNINGS AVAILABLE FOR COMMON EQUITY	11.4	11.8	9.8	9.5	9.0	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
DOLLARS PER AVERAGE ACCESS LINE PER MONTH						
WAGES AND BENEFITS	$ 17.01	$ 19.48	$ 18.42	$ 21.53	$ 26.70	23
OTHER OPERATION AND MAINTENANCE EXPENSES	16.10	13.91	14.56	11.20	11.09	24
DEPRECIATION AND AMORTIZATION EXPENSES	11.30	9.10	8.18	7.73	8.41	25
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	26
INCOME TAXES - OPERATING	3.33	4.79	5.10	3.97	4.37	27
OTHER TAXES - OPERATING	8.41	8.33	8.11	9.40	10.08	28
INTEREST CHARGES **	2.87	3.03	3.20	3.41	3.94	29
PREFERRED DIVIDENDS **	-	-	-	-	-	30
EARNINGS AVAILABLE FOR COMMON EQUITY	7.57	7.85	6.25	6.00	6.35	31
TOTAL	$ 66.59	$ 66.48	$ 63.81	$ 63.24	$ 70.94	32

* YEAR END AVERAGE

**NET OF AFC

227A

NICHOLVILLE TELEPHONE COMPANY, INC
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF TELEPHONE PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	TELEPHONE PLANT	$ 3,067,566	$ 2,591,956	$ 2,518,950	$ 2,416,738	$ 2,363,114
2	ACCUM PROV FOR DEPR & AMORT	997,025	797,338	625,533	598,712	494,175
3	NET TELEPHONE PLANT	2,070,541	1,794,618	1,893,417	1,818,026	1,868,939
4	INVESTMENTS IN AFFILIATED COMPANIES	-	-	-	-	-
5	ADVANCES TO AFFILIATED COMPANIES	-	-	-	-	-
6	MISCELLANEOUS PHYSICAL PROPERTY	955	955	869	803	711
7	OTHER INVESTMENTS AND FUNDS	26,000	20,000	8,000	3,000	-
8	TOTAL INVESTMENTS AND FUNDS	26,955	20,955	8,869	3,803	711
9	CASH AND WORKING FUNDS	80,902	174,325	91,777	39,885	7,622
10	SPECIAL CASH DEPOSITS	-	-	-	-	-
11	TEMPORARY CASH INVESTMENTS	159,286	197,351	121,293	105,225	20,780
12	NOTES & ACCT'S REC -AFFILIATED CO'S	-	-	-	-	-
13	OTHER NOTES AND ACCOUNTS RECEIVABLE	48,555	72,703	102,473	80,586	46,091
14	DUE - CUST & AGENTS LESS ACCUM PROV - UNCOLLECTIBLE ACCTS	65,956	46,856	49,592	64,130	91,279
15	MATERIALS AND SUPPLIES	25,967	23,525	23,583	21,545	26,624
16	MERCH AND MATERIAL HELD FOR SALE	14,182	11,381	10,475	10,602	8,311
17	PREPAYMENTS	12,284	25,483	23,792	14,810	15,784
18	OTHER CURRENT AND ACCRUED ASSETS	-	-	-	-	-
19	TOTAL CURRENT AND ACCRUED ASSETS	407,132	551,624	422,985	336,783	216,491
20	UNAMORTIZED DEBT DISCOUNT AND EXPENSE	7,048	7,345	10,982	7,939	8,235
21	EXTRAORDINARY MAINTENANCE & RETIREMENTS	-	-	-	-	-
22	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
23	OTHER DEFERRED DEBITS	348	168	33	-	-
24	TOTAL DEFERRED DEBITS	7,396	7,513	11,015	7,939	8,235
25	TOTAL ASSETS AND OTHER DEBITS	2,512,024	$ 2,374,710	$ 2,336,286	$ 2,166,551	$ 2,094,376
	TELEPHONE PLANT					
26	PLANT IN SERVICE	$ 2,647,421	$ 2,546,269	$ 2,493,805	$ 2,285,781	$ 2,284,038
27	PLANT UNDER CONSTRUCTION	420,145	45,687	25,145	130,957	79,076
28	PROPERTY HELD FOR FUTURE USE	-	-	-	-	-
29	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
30	PLANT ADJUSTMENTS	-	-	-	-	-
31	TOTAL TELEPHONE UTILITY PLANT	3,067,566	2,591,956	2,518,950	2,416,738	2,363,114
32	ACCUM PROV FOR DEPR AND AMORT	997,025	797,338	625,533	598,712	494,175
33	NET TELEPHONE PLANT	2,070,541	1,794,618	1,893,417	1,818,026	1,868,939
	PLANT IN SERVICE					
34	BEGINNING OF YEAR	2,546,269	2,493,805	2,285,781	2,284,038	2,131,982
35	ADDITIONS	128,560	57,750	343,549	37,230	167,409
36	RETIREMENTS	27,408	5,286	135,525	35,487	15,353
37	TRANSFERS AND ADJUSTMENTS	-	-	-	-	-
38	END OF YEAR	$ 2,647,421	$ 2,546,269	$ 2,493,805	$ 2,285,781	$ 2,284,038

NICHOLVILLE TELEPHONE COMPANY, INC
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM		1987		1986		1985		1984		1983	LINE NO
LIABILITIES AND OTHER CREDITS											
COMMON CAPITAL STOCK	$	41,000	$	41,000	$	41,000	$	41,000	$	41,000	1
PREFERRED CAPITAL STOCK		100,000		100,000		100,000		100,000		100,000	2
STOCK LIABILITY FOR CONVERSION		-		-		-		-		-	3
PREMIUM ON CAPITAL STOCK		-		-		-		-		-	4
CAPITAL STOCK SUBSCRIBED		-		-		-		-		-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK		-		-		-		-		-	6
OTHER PAID-IN CAPITAL		-		-		-		-		-	7
CAPITAL STOCK EXPENSE		3,851-		3,851-		3,851-		3,851-		3,851-	8
RETAINED EARNINGS		702,439		603,448		489,411		368,407		268,598	9
TOTAL PROPRIETARY CAPITAL		839,588		740,597		626,560		505,556		405,747	10
BONDS (LESS BONDS REACQUIRED)		1,364,978		1,395,427		1,424,413		1,452,019		1,478,208	11
ADVANCES FROM AFFILIATED COMPANIES		-		-		-		-		-	12
OTHER LONG-TERM DEBT		-		-		-		-		-	13
TOTAL LONG-TERM DEBT		1,364,978		1,395,427		1,424,413		1,452,019		1,478,208	14
NOTES & ACCTS PAY TO AFFILIATED CO'S		-		-		-		-		-	15
OTHER NOTES AND ACCOUNTS PAYABLE		77,938		37,712		127,880		96,843		135,199	16
CUSTOMERS' DEPOSITS		-		-		2,200		4,400		-	17
ADVANCE BILLING AND PAYMENTS		-		-		-		-		-	18
TAXES ACCRUED		6,701-		8,449-		1,167-		3,190		1,817	19
OTHER CURRENT AND ACCRUED LIABILITIES		21,616		20,540		19,820		13,650		15,255	20
TOTAL CURRENT AND ACCRUED LIABILITIES		92,853		49,803		148,733		118,083		152,271	21
UNAMORTIZED PREMIUM ON DEBT		-		-		-		-		-	22
ACCUM. DEFERRED INVESTMENT TAX CREDITS		123,939		113,287		92,905		72,931		51,121	23
OTHER DEFERRED CREDITS		786		595		413		227		71	24
TOTAL DEFERRED CREDITS		124,725		113,882		93,318		73,158		51,192	25
OPERATING RESERVES		-		-		-		-		-	26
ACCUM. DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION		89,880		75,001		43,262		17,735		6,958	27
ACCUM. DEFERRED INCOME TAXES - OTHER		-		-		-		-		-	28
TOTAL LIABILITIES AND OTHER CREDITS	$	2,512,024	$	2,374,710	$	2,336,286	$	2,166,551	$	2,094,376	29
SELECTED BALANCE SHEET RELATIONSHIPS											
CURRENT ASSETS/CURRENT LIABILITIES		4.38		11.08		2.84		2.85		1.42	30
PERCENT OF CAPITALIZATION											
LONG TERM DEBT		61.9		65.3		69.4		74.1		78.4	31
PREFERRED STOCK		4.5		4.6		4.8		5.1		5.3	32
COMMON STOCK & OTHER PAID-IN CAPITAL		1.6		1.7		1.8		1.8		1.9	33
RETAINED EARNINGS		31.8		28.2		23.8		18.8		14.2	34
LONG TERM DEBT % OF GROSS UTILITY PLANT		44.4		53.8		56.5		60.0		62.5	35
ACCUM. PROV. FOR DEPR. & AMORT. %OF UTIL. PLT.		32.5		30.7		24.8		24.7		20.9	36

227C

NICHOLVILLE TELEPHONE COMPANY, INC
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL					
1	NET INCOME	$ 107,451	$ 122,497	$ 129,464	$ 108,269	$ 53,154
2	DEPRECIATION AND AMORTIZATION	229,674	178,860	150,895	142,423	176,627
3	DEFERRED INCOME TAXES (NET)	25,531	52,121	45,501	32,587	6,767
4	INTEREST CAPITALIZED	3,885-	1,107-	8,700-	5,442-	3,259-
5	OTHER (NET)	-	-	-	-	-
6	SUBTOTAL	358,771	352,371	317,160	277,837	233,289
7	EXTRAORDINARY ITEMS	-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	358,771	352,371	317,160	277,837	233,289
9	LESS DIVIDENDS PREFERRED	6,000	6,000	6,000	6,000	6,000
	COMMON	2,460	2,460	2,460	2,460	2,460
11	NET FUNDS - INTERNAL SOURCES	350,311	343,911	308,700	269,377	224,829
	EXTERNAL					
12	LONG TERM DEBT	-	-	-	-	-
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	-	-	-	-	-
17	OTHER (NET)	-	-	-	-	-
18	TOTAL FUNDS - EXTERNAL SOURCES	-	-	-	-	-
	OTHER SOURCES					
19	NET DECREASE IN WORKING CAPITAL	187,659	-	-	-	321
20	OTHER	-	-	-	-	-
21	TOTAL FUNDS PROVIDED	$ 537,970	$ 343,911	$ 308,700	$ 269,377	$ 225,150
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
22	TELEPHONE PLANT	$ 505,406	$ 79,879	$ 226,100	$ 91,354	$ 202,761
23	NON-UTILITY PLANT	-	86	66	92	711
24	OTHER	6,000	12,000	5,000	3,000	-
25	TOTAL CONSTRUCTION	511,406	91,965	231,166	94,446	203,472
26	LESS INTEREST CAPITALIZED	3,885	1,107	8,700	5,442	3,259
27	TOTAL EXCLUDING INTEREST CAPITALIZED	507,521	90,858	222,466	89,004	200,213
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	30,449	28,986	27,606	26,189	24,937
29	PREFERRED STOCK	-	-	-	-	-
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	-	-	-	-
32	OTHER (NET)	-	-	-	-	-
33	TOTAL RETIREMENT OF SECURITIES	30,449	28,986	27,606	26,189	24,937
	OTHER USES					
34	NET INCREASE IN WORKING CAPITAL	-	224,067	58,628	154,184	-
35	OTHER	-	-	-	-	-
36	TOTAL FUNDS APPLIED	$ 537,970	$ 343,911	$ 308,700	$ 269,377	$ 225,150

NICHOLVILLE TELEPHONE COMPANY, INC
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
TELEPHONE OPERATING INCOME						
OPERATING REVENUES	$ 1,028,546	$ 1,023,497	$ 886,250	$ 808,551	$ 704,895	1
OPERATION AND MAINTENANCE EXPENSE	544,645	541,086	429,279	376,430	317,890	2
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	3
DEPRECIATION	217,959	167,570	140,659	132,577	166,075	4
AMORTIZATION	-	-	-	-	-	5
TAXES OTHER THAN INCOME TAXES-OPERATING	92,685	81,634	79,743	85,273	80,624	6
INCOME TAXES-OPERATING	14,709	31,387	4,434-	31,074	5,939	7
OPERATING INCOME TAXES DEFERRED	14,879	31,739	25,527	10,777	4,451	8
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	-	-	32,809	-	-	9
TOTAL OPERATING EXPENSES	884,877	853,416	703,583	636,131	574,979	10
TOTAL TELEPHONE OPERATING INCOME	143,669	170,081	182,667	172,420	129,916	11
OTHER INCOME						
DIVIDEND INCOME	-	-	8,871	-	-	12
INTEREST INCOME	27,809	14,212	-	5,259	1,594	13
ALLOWANCE FOR CONSTRUCTION FUNDS	3,885	1,107	8,700	5,442	3,259	14
INCOME FROM SINKING AND OTHER FUNDS	-	-	-	-	-	15
INCOME FROM MISC. PHYSICAL PROPERTY	55-	56-	5-	384	159	16
MISCELLANEOUS INCOME	12,139	16,380	12,935	11,420	4,699	17
TOTAL OTHER INCOME	43,778	31,643	30,501	22,505	9,711	18
TOTAL INCOME	187,447	201,724	213,168	194,925	139,627	19
INCOME DEDUCTIONS						
TAXES OTHER THAN INC. TAXES-NONOPERATING	932	489	296	215	240	20
INCOME TAXES-NONOPERATING	8,885	6,524	5,998	3,489	925	21
MISCELLANEOUS INCOME CHARGES	1,029	934	818	770	311	22
TOTAL INCOME DEDUCTIONS	10,846	7,947	7,112	4,474	1,476	23
INCOME BEFORE INTEREST CHARGES	176,601	193,777	206,056	190,451	138,151	24
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	68,853	70,423	71,833	73,224	74,500	25
AMORT. OF DEBT DISCOUNT AND EXPENSE	297	297	297	297	297	26
AMORT. OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	27
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	28
OTHER INTEREST EXPENSE	-	560	4,462	8,661	10,200	29
TOTAL INTEREST CHARGES	69,150	71,280	76,592	82,182	84,997	30
INCOME BEFORE EXTRAORDINARY/DELAYED ITEMS	107,451	122,497	129,464	108,269	53,154	31
EXTRAORDINARY & DELAYED ITEMS - NET LESS TAX EFFECT	-	-	-	-	-	32
NET INCOME	$ 107,451	$ 122,497	$ 129,464	$ 108,269	$ 53,154	33
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 603,448	$ 489,411	$ 368,407	$ 268,598	$ 223,904	34
TRANSFERRED FROM INCOME	107,451	122,497	129,464	108,269	53,154	35
MISCELLANEOUS CREDITS	-	-	-	-	-	36
MISCELLANEOUS DEBITS	-	-	-	-	-	37
APPROPRIATIONS	-	-	-	-	-	38
DIVIDENDS DECLARED-PREFERRED STOCK	6,000	6,000	6,000	6,000	6,000	39
-COMMON STOCK	2,460	2,460	2,460	2,460	2,460	40
BALANCE END OF YEAR	702,439	603,448	489,411	368,407	268,598	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 702,439	$ 603,448	$ 489,411	$ 368,407	$ 268,598	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME-PERCENT OF OPERATING REVENUES	10.4	11.9	14.6	13.3	7.5	44
PRETAX COVERAGE OF INTEREST CHARGES	2.9	3.5	3.3	2.7	1.7	45
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	2.4	2.1	1.9	2.4	5.2	46
RETURN ON COMMON EQUITY	14.7	19.9	26.4	28.7	16.6	47

227E

NICHOLVILLE TELEPHONE COMPANY, INC
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	TELEPHONE OPERATING REVENUES					
1	LOCAL REVENUES	$ 294,487	$ 283,081	$ 265,841	$ 252,420	$ 242,375
2	ACCESS REVENUES	274,648	239,467	226,151	-	-
3	TOLL REVENUES	385,160	442,628	339,258	544,770	453,251
4	MISCELLANEOUS REVENUES	77,831	62,384	57,362	19,022	12,698
5	UNCOLLECTIBLE REVENUES-DR	3,580	4,063	2,362	7,661	3,429
6	TOTAL OPERATING REVENUES	$ 1,028,546	$ 1,023,497	$ 886,250	$ 808,551	$ 704,895
7	ACCESS LINES IN SERVICE	1,843	1,825	1,791	1,750	1,714
	TELEPHONE OPERATING REVENUE RELATIONSHIPS					
	REVENUE PER AVERAGE ACCESS LINE*					
8	LOCAL REVENUE	$ 160.57	$ 156.57	$ 150.15	$ 145.74	$ 140.71
9	ACCESS REVENUE	149.75	132.45	127.73		
10	TOLL REVENUE	210.01	244.82	191.62	314.53	263.14

*YEAR END AVERAGE

LINE NO	ITEM	1987	1986	1985	1984	1983
	OPERATION AND MAINTENANCE EXPENSES					
11	MAINTENANCE EXPENSES	$ 162,763	$ 146,436	$ 131,066	$ 120,366	$ 109,356
12	DEPRECIATION & AMORTIZATION	217,959	167,570	140,659	132,577	166,075
13	TRAFFIC EXPENSES	24,897	24,396	27,797	26,948	8,393
14	COMMERCIAL EXPENSES	49,539	37,493	31,437	28,231	31,708
15	ACCESS EXPENSES	-	-	-	-	-
16	GENERAL OFFICE SALARIES & EXPENSES	192,867	202,614	189,038	158,473	115,686
17	OTHER OPERATING EXPENSES	114,579	130,147	49,941	42,412	52,747
18	TOTAL O & M EXPENSES	$ 762,604	$ 708,656	$ 569,938	$ 509,007	$ 483,965

NICHOLVILLE TELEPHONE COMPANY, INC
DISTRIBUTION OF TELEPHONE REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
REVENUES	$ 1,028,546	$ 1,023,497	$ 886,250	$ 808,551	$ 704,895	1
ACCESS LINES - AVERAGE*	1,834	1,808	1,771	1,732	1,723	2
			DOLLAR AMOUNTS			
WAGES AND BENEFITS	$ 296,993	$ 321,113	$ 230,587	$ 207,468	$ 174,144	3
OTHER OPERATION AND MAINTENANCE EXPENSES	247,652	219,973	198,692	168,962	143,746	4
DEPRECIATION AND AMORTIZATION EXPENSES	217,959	167,570	140,659	132,577	166,075	5
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	6
INCOME TAXES - OPERATING	29,588	63,126	53,902	41,851	10,390	7
OTHER TAXES - OPERATING	92,685	81,634	79,743	85,273	80,624	8
INTEREST CHARGES **	67,284	70,819	73,077	79,744	82,963	9
PREFERRED DIVIDENDS**	5,837	5,961	5,704	5,799	5,837	10
EARNINGS AVAILABLE FOR COMMON EQUITY	70,548	93,301	103,886	86,877	41,116	11
TOTAL	$ 1,028,546	$ 1,023,497	$ 886,250	$ 808,551	$ 704,895	12
			PERCENT OF REVENUES			
WAGES AND BENEFITS	28.9	31.4	26.0	25.7	24.7	13
OTHER OPERATION AND MAINTENANCE EXPENSES	24.1	21.5	22.4	20.9	20.4	14
DEPRECIATION AND AMORTIZATION EXPENSES	21.2	16.4	15.9	16.4	23.6	15
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	16
INCOME TAXES - OPERATING	2.9	6.2	6.1	5.2	1.5	17
OTHER TAXES - OPERATING	9.0	8.0	9.0	10.5	11.4	18
INTEREST CHARGES**	6.5	6.9	8.2	9.9	11.8	19
PREFERRED DIVIDENDS **	0.6	0.6	0.6	0.7	0.8	20
EARNINGS AVAILABLE FOR COMMON EQUITY	6.9	9.1	11.7	10.7	5.8	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
			DOLLARS PER AVERAGE ACCESS LINE PER MONTH			
WAGES AND BENEFITS	$ 13.49	$ 14.80	$ 10.85	$ 9.98	$ 8.42	23
OTHER OPERATION AND MAINTENANCE EXPENSES	11.25	10.14	9.35	8.13	6.95	24
DEPRECIATION AND AMORTIZATION EXPENSES	9.90	7.72	6.62	6.38	8.03	25
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	26
INCOME TAXES - OPERATING	1.34	2.91	2.54	2.01	0.50	27
OTHER TAXES - OPERATING	4.21	3.76	3.75	4.10	3.90	28
						29
INTEREST CHARGES **	3.06	3.26	3.44	3.84	4.01	
PREFERRED DIVIDENDS **	0.27	0.27	0.27	0.28	0.28	30
EARNINGS AVAILABLE FOR COMMON EQUITY	3.21	4.30	4.89	4.18	1.99	31
TOTAL	$ 46.74	$ 47.17	$ 41.71	$ 38.90	$ 34.10	32

* YEAR END AVERAGE

**NET OF AFC

OGDEN TELEPHONE COMPANY
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF TELEPHONE PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	TELEPHONE PLANT	$ 22,666,693	$ 20,706,479	$ 19,437,113	$ 18,564,148	$ 17,737,731
2	ACCUM PROV FOR DEPR & AMORT	7,565,494	6,478,929	5,910,722	4,976,311	5,287,782
3	NET TELEPHONE PLANT	15,101,199	14,227,550	13,526,391	13,587,837	12,449,949
4	INVESTMENTS IN AFFILIATED COMPANIES	-	-	-	-	-
5	ADVANCES TO AFFILIATED COMPANIES	-	-	-	-	-
6	MISCELLANEOUS PHYSICAL PROPERTY	170,768	170,768	170,768	89,751	95,106
7	OTHER INVESTMENTS AND FUNDS	27,000	22,000	10,000	5,000	2,000
8	TOTAL INVESTMENTS AND FUNDS	197,768	192,768	180,768	94,751	97,106
9	CASH AND WORKING FUNDS	445,336	45,361	118,613	94,974	308,572
10	SPECIAL CASH DEPOSITS	2,309	2,320	2,320	2,358	4,786
11	TEMPORARY CASH INVESTMENTS	-	-	-	-	413,522
12	NOTES & ACCT'S REC -AFFILIATED CO'S	-	-	-	21,847	-
13	OTHER NOTES AND ACCOUNTS RECEIVABLE	4,320	9,637	13,400	160,354	18,922
14	DUE - CUST & AGENTS LESS ACCUM PROV - UNCOLLECTIBLE ACCTS	243,293	196,313	177,459	-	452,945
15	MATERIALS AND SUPPLIES	520,333	534,085	677,416	70,506	87,422
16	MERCH AND MATERIAL HELD FOR SALE	11,075	14,629	21,909	-	42,557
17	PREPAYMENTS	157,073	153,850	137,579	395,400	114,269
18	OTHER CURRENT AND ACCRUED ASSETS	78,417	75,856	72,942	748,165	66,706
19	TOTAL CURRENT AND ACCRUED ASSETS	1,462,156	1,032,051	1,221,638	1,493,604	1,509,701
20	UNAMORTIZED DEBT DISCOUNT AND EXPENSE	240,535	250,796	261,057	-	281,577
21	EXTRAORDINARY MAINTENANCE & RETIREMENTS	-	-	-	11,436	-
22	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
23	OTHER DEFERRED DEBITS	34,667	31,308	14,808	-	5,898-
24	TOTAL DEFERRED DEBITS	275,202	282,104	275,865	11,436	275,679
25	TOTAL ASSETS AND OTHER DEBITS	17,036,325	$ 15,734,473	$ 15,204,652	$ 15,187,628	$ 14,332,435
	TELEPHONE PLANT					
26	PLANT IN SERVICE	$ 21,952,964	$ 20,035,713	$ 18,782,030	$ 18,243,170	$ 17,352,086
27	PLANT UNDER CONSTRUCTION	713,729	670,766	655,083	320,978	385,645
28	PROPERTY HELD FOR FUTURE USE	-	-	-	-	-
29	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
30	PLANT ADJUSTMENTS	-	-	-	-	-
31	TOTAL TELEPHONE UTILITY PLANT	22,666,693	20,706,479	19,437,113	18,564,148	17,737,731
32	ACCUM PROV FOR DEPR AND AMORT	7,565,494	6,478,929	5,910,722	4,976,311	5,287,782
33	NET TELEPHONE PLANT	15,101,199	14,227,550	13,526,391	13,587,837	12,449,949
	PLANT IN SERVICE					
34	BEGINNING OF YEAR	20,035,714	18,782,030	18,243,170	17,352,085	16,861,110
35	ADDITIONS	2,034,477	1,833,685	797,862	2,891,424	664,442
36	RETIREMENTS	117,224	580,001	185,181	2,000,338	173,467
37	TRANSFERS AND ADJUSTMENTS	-	-	73,817-	-	-
38	END OF YEAR	$ 21,952,967	$ 20,035,714	$ 18,782,032	$ 18,243,170	$ 17,352,085

OGDEN TELEPHONE COMPANY
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 1,390,694	$ 1,137,294	$ 1,136,294	$ 1,132,294	$ 1,132,294	1
PREFERRED CAPITAL STOCK	1,244,800	1,498,200	1,499,200	1,503,200	1,503,200	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	3,104,350	2,528,484	1,887,422	1,597,295	1,341,616	9
TOTAL PROPRIETARY CAPITAL	5,739,841	5,163,978	4,522,916	4,232,789	3,977,110	10
BONDS(LESS BONDS REACQUIRED)	8,895,999	8,980,139	9,052,685	9,117,834	9,150,000	11
ADVANCES FROM AFFILIATED COMPANIES	-	-	-	-	-	12
OTHER LONG-TERM DEBT	-	-	-	-	-	13
TOTAL LONG-TERM DEBT	8,895,999	8,980,139	9,052,685	9,117,834	9,150,000	14
NOTES & ACCTS PAY TO AFFILIATED CO'S	-	-	-	-	-	15
OTHER NOTES AND ACCOUNTS PAYABLE	945,101	517,750	751,056	1,149,494	383,682	16
CUSTOMERS' DEPOSITS	-	-	-	8,855	10,710	17
ADVANCE BILLING AND PAYMENTS	73	73	73	235	-	18
TAXES ACCRUED	194,213	31,319	54,942	274	55,751	19
OTHER CURRENT AND ACCRUED LIABILITIES	1,868	1,854	1,782	24,845	208,000	20
TOTAL CURRENT AND ACCRUED LIABILITIES	1,141,255	550,996	807,853	1,183,703	658,143	21
UNAMORTIZED PREMIUM ON DEBT	-	-	-	-	-	22
ACCUM. DEFERRED INVESTMENT TAX CREDITS	495,480	402,353	276,920	190,753	88,248	23
OTHER DEFERRED CREDITS	38,930	30,233	21,537	-	-	24
TOTAL DEFERRED CREDITS	534,410	432,586	298,457	190,753	88,248	25
OPERATING RESERVES	63,173	84,394	80,753	61,969	60,701	26
ACCUM. DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION	548,017	408,588	323,967	278,009	271,122	27
ACCUM. DEFERRED INCOME TAXES - OTHER	113,630	113,492	118,031	122,571	127,111	28
TOTAL LIABILITIES AND OTHER CREDITS	$ 17,036,325	$ 15,734,473	$ 15,204,662	$ 15,187,628	$ 14,332,435	29
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS/CURRENT LIABILITIES	1.28	1.87	1.51	1.26	2.29	30
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	60.7	63.4	66.6	68.2	69.7	31
PREFERRED STOCK	8.5	10.5	11.0	11.2	11.4	32
COMMON STOCK & OTHER PAID-IN CAPITAL	9.5	8.0	8.3	8.4	8.6	33
RETAINED EARNINGS	21.2	17.8	13.9	11.9	10.2	34
LONG TERM DEBT % OF GROSS UTILITY PLANT	39.2	43.3	46.5	49.1	51.5	35
ACCUM. PROV. FOR DEPR. & AMORT. %OF UTIL. PLT	33.3	31.2	30.4	26.8	29.8	36

OGDEN TELEPHONE COMPANY
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
				SOURCES OF FUNDS		
	INTERNAL					
1	NET INCOME	$ 879,550	$ 911,555	$ 542,281	$ 502,362	$ 473,421
2	DEPRECIATION AND AMORTIZATION	1,214,874	1,116,875	1,091,444	1,076,168	912,593
3	DEFERRED INCOME TAXES (NET)	232,394	205,814	127,585	104,851	115,308
4	INTEREST CAPITALIZED	65,201-	64,843-	22,255-	50,149-	23,022-
5	OTHER (NET)	-	-	-	-	-
6	SUBTOTAL	2,261,617	2,169,401	1,739,055	1,633,232	1,478,300
7	EXTRAORDINARY ITEMS	-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	2,261,617	2,169,401	1,739,055	1,633,232	1,478,300
9	LESS DIVIDENDS PREFERRED	94,034	114,306	114,546	114,706	114,690
	COMMON	209,650	156,184	137,609	131,974	128,758
11	NET FUNDS - INTERNAL SOURCES	1,957,933	1,898,911	1,486,900	1,386,552	1,234,852
	EXTERNAL					
12	LONG TERM DEBT	-	-	-	-	-
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	-	-	-	685,000	-
17	OTHER (NET)	-	-	-	-	-
18	TOTAL FUNDS - EXTERNAL SOURCES	-	-	-	685,000	-
	OTHER SOURCES					
19	NET DECREASE IN WORKING CAPITAL	135,574	49,871	195,211	111,908	-
20	OTHER	7,873	52,139	53,075	627,961	5,155
21	TOTAL FUNDS PROVIDED	$ 2,101,378	$ 2,000,921	$ 1,735,186	$ 2,811,421	$ 1,240,007
				USES OF FUNDS		
	CONSTRUCTION EXPENDITURES					
22	TELEPHONE PLANT	$ 2,077,439	$ 1,851,217	$ 1,058,476	$ 2,826,755	$ 694,460
23	NON-UTILITY PLANT	5,000	12,000	78,817	2,648	26,684
24	OTHER	-	-	-	-	-
25	TOTAL CONSTRUCTION	2,082,439	1,863,217	1,137,293	2,829,403	721,144
26	LESS INTEREST CAPITALIZED	65,201	64,843	22,255	50,149	23,022
27	TOTAL EXCLUDING INTEREST CAPITALIZED	2,017,238	1,798,374	1,115,038	2,779,254	698,122
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	84,140	72,546	65,149	32,166	-
29	PREFERRED STOCK	-	-	-	-	-
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	130,000	555,000	-	-
32	OTHER (NET)	-	-	-	-	-
33	TOTAL RETIREMENT OF SECURITIES	84,140	202,546	620,149	32,166	-
	OTHER USES					
34	NET INCREASE IN WORKING CAPITAL	-	-	-	-	541,885
35	OTHER	-	-	-	-	-
36	TOTAL FUNDS APPLIED	$ 2,101,378	$ 2,000,921	$ 1,735,186	$ 2,811,420	$ 1,240,007

OGDEN TELEPHONE COMPANY
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS

ITEM	1987	1986	1985	1984	1983	LINE NO
TELEPHONE OPERATING INCOME						
OPERATING REVENUES	$ 6,285,410	$ 5,660,802	$ 5,427,622	$ 4,958,892	$ 4,732,718	1
OPERATION AND MAINTENANCE EXPENSE	2,232,968	1,962,842	2,074,492	1,839,869	1,731,111	2
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	3
DEPRECIATION	1,141,124	1,049,232	1,029,955	1,028,855	874,736	4
AMORTIZATION	-	-	-	-	-	5
TAXES OTHER THAN INCOME TAXES-OPERATING	742,420	648,088	734,997	659,277	627,809	6
INCOME TAXES-OPERATING	377,786	267,897	156,406	174,759	177,425	7
OPERATING INCOME TAXES DEFERRED	195,479	134,281	81,217	34,662	2,816	8
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	56,350-	49,360-	35,259-	27,776-	23,168-	9
TOTAL OPERATING EXPENSES	4,633,427	4,012,980	4,041,808	3,709,646	3,390,729	10
TOTAL TELEPHONE OPERATING INCOME	1,651,983	1,647,822	1,385,814	1,249,246	1,341,989	11
OTHER INCOME						
DIVIDEND INCOME	240	240	240	240	235	12
INTEREST INCOME	5,822	741	924	42,428	24,860	13
ALLOWANCE FOR CONSTRUCTION FUNDS	65,201	64,843	22,255	50,149	23,022	14
INCOME FROM SINKING AND OTHER FUNDS	-	-	-	-	-	15
INCOME FROM MISC. PHYSICAL PROPERTY	5,292-	4,880-	2,782	2,967	5,447	16
MISCELLANEOUS INCOME	22,253	79,618	60,123	71,883	10,321	17
TOTAL OTHER INCOME	88,224	140,562	86,324	167,667	63,885	18
TOTAL INCOME	1,740,207	1,788,384	1,472,138	1,416,913	1,405,874	19
INCOME DEDUCTIONS						
TAXES OTHER THAN INC. TAXES-NONOPERATING	967	649	1,802	1,550	1,797	20
INCOME TAXES-NONOPERATING	4,107-	-	-	-	-	21
MISCELLANEOUS INCOME CHARGES	2,989	5,752	5,260	4,647	4,054	22
TOTAL INCOME DEDUCTIONS	151-	6,401	7,062	6,197	5,851-	23
INCOME BEFORE INTEREST CHARGES	1,740,358	1,781,983	1,465,076	1,410,716	1,400,023	24
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	842,857	849,701	866,259	870,928	910,970	25
AMORT. OF DEBT DISCOUNT AND EXPENSE	10,260	10,260	10,260	10,260	10,260	26
AMORT. OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	27
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	28
OTHER INTEREST EXPENSE	7,691	10,467	46,276	27,166	5,372	29
TOTAL INTEREST CHARGES	860,808	870,428	922,795	908,354	926,602	30
INCOME BEFORE EXTRAORDINARY/DELAYED ITEMS	879,550	911,555	542,281	502,362	473,421	31
EXTRAORDINARY & DELAYED ITEMS - NET LESS TAX EFFECT	-	-	-	-	-	32
NET INCOME	$ 879,550	$ 911,555	$ 542,281	$ 502,362	$ 473,421	33
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 2,528,484	$ 1,887,419	$ 1,597,298	$ 1,341,616	$ 1,111,644	34
TRANSFERRED FROM INCOME	879,550	911,555	542,281	502,362	473,421	35
MISCELLANEOUS CREDITS	-	-	-	-	-	36
MISCELLANEOUS DEBITS	-	-	-	-	-	37
APPROPRIATIONS	-	-	-	-	-	38
DIVIDENDS DECLARED-PREFERRED STOCK	94,034	114,306	114,546	114,706	114,690	39
-COMMON STOCK	209,650	156,184	137,609	131,974	128,758	40
BALANCE END OF YEAR	3,104,350	2,528,484	1,887,422	1,597,298	1,341,617	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 3,104,350	$ 2,528,484	$ 1,887,422	$ 1,597,295	$ 1,341,616	43

SELECTED INCOME ACCOUNT RELATIONSHIPS

ITEM	1987	1986	1985	1984	1983	LINE NO
NET INCOME-PERCENT OF OPERATING REVENUES	13.9	16.1	9.9	10.1	10.0	44
PRETAX COVERAGE OF INTEREST CHARGES	2.6	2.4	1.8	1.7	1.7	45
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	26.6	19.5	32.1	34.0	35.8	46
RETURN ON COMMON EQUITY	19.2	23.8	14.8	14.8	15.2	47

OGDEN TELEPHONE COMPANY
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

TELEPHONE OPERATING REVENUES

LINE NO	ITEM	1987	1986	1985	1984	1983
1	LOCAL REVENUES	$ 3,627,733	$ 3,454,356	$ 3,337,952	$ 3,229,098	$ 3,081,418
2	ACCESS REVENUES	1,519,584	1,296,385	1,406,904	-	-
3	TOLL REVENUES	289,718	280,035	145,250	1,445,689	1,415,045
4	MISCELLANEOUS REVENUES	861,153	641,026	563,916	310,505	262,656
5	UNCOLLECTIBLE REVENUES-DR	12,779	11,000	26,400	26,400	26,400
6	TOTAL OPERATING REVENUES	$ 6,285,409	$ 5,660,802	$ 5,427,622	$ 4,958,892	$ 4,732,719
7	ACCESS LINES IN SERVICE	16,013	15,401	14,830	14,280	13,941

TELEPHONE OPERATING REVENUE RELATIONSHIPS

LINE NO	ITEM	1987	1986	1985	1984	1983
	REVENUE PER AVERAGE ACCESS LINE*					
8	LOCAL REVENUE	$ 230.96	$ 228.53	$ 229.33	$ 228.84	$ 223.12
9	ACCESS REVENUE	96.75	85.77	96.66		
10	TOLL REVENUE	18.45	18.53	9.98	102.45	102.46

*YEAR END AVERAGE

OPERATION AND MAINTENANCE EXPENSES

LINE NO	ITEM	1987	1986	1985	1984	1983
11	MAINTENANCE EXPENSES	$ 1,129,189	$ 866,557	$ 975,293	$ 842,313	$ 845,413
12	DEPRECIATION & AMORTIZATION	1,141,124	1,049,232	1,029,955	1,028,855	874,736
13	TRAFFIC EXPENSES	62,331	60,257	65,229	46,361	28,729
14	COMMERCIAL EXPENSES	403,970	388,383	425,542	417,733	381,388
15	ACCESS EXPENSES	-	-	-	-	-
16	GENERAL OFFICE SALARIES & EXPENSES	558,174	465,424	452,267	393,659	378,216
17	OTHER OPERATING EXPENSES	79,306	182,222	156,163	139,803	97,365
18	TOTAL O & M EXPENSES	$ 3,374,094	$ 3,012,075	$ 3,104,449	$ 2,868,724	$ 2,605,847

OGDEN TELEPHONE COMPANY
DISTRIBUTION OF TELEPHONE REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM		1987		1986		1985		1984		1983	LINE NO
REVENUES	$	6,285,410	$	5,660,802	$	5,427,622	$	4,958,892	$	4 732,718	1
ACCESS LINES - AVERAGE*		15,707		15 116		14,555		14,111		13 811	2
				DOLLAR AMOUNTS							
WAGES AND BENEFITS	$	1,249,502	$	1,238,099	$	1,454,494	$	1,246,927	$	1,142,900	3
OTHER OPERATION AND MAINTENANCE EXPENSES		983,468		724,744		620,000		592,942		588,211	4
DEPRECIATION AND AMORTIZATION EXPENSES		1,141,124		1,049,232		1,029,955		1,028,855		874,736	5
EXTRAORDINARY RETIREMENTS		-		-		-		-		-	6
INCOME TAXES - OPERATING		516,915		352,818		202,364		181,645		157,073	7
OTHER TAXES - OPERATING		742,420		648,088		734,997		659,277		627,809	8
INTEREST CHARGES **		827,176		836,566		908,285		872,297		910,786	9
PREFERRED DIVIDENDS**		90,282		109,751		112,632		109,942		112,710	10
EARNINGS AVAILABLE FOR COMMON EQUITY		734,525		701,505		364,897		267,007		318,493	11
TOTAL	$	6,285,410	$	5,660,802	$	5,427,622	$	4,958,892	$	4 732,718	12
				PERCENT OF REVENUES							
WAGES AND BENEFITS		19 9		21 9		26 8		25 1		24 1	13
OTHER OPERATION AND MAINTENANCE EXPENSES		15 6		12 8		11 4		12 0		12 4	14
DEPRECIATION AND AMORTIZATION EXPENSES		18 2		18 5		19 0		20 7		18 5	15
EXTRAORDINARY RETIREMENTS		-		-		-		-		-	16
INCOME TAXES - OPERATING		8 2		6 2		3 7		3 7		3 3	17
OTHER TAXES - OPERATING		11 8		11 4		13 5		13 3		13 3	18
INTEREST CHARGES**		13 2		14 8		16 7		17 6		19 2	19
PREFFRRED DIVIDENDS **		1 4		1 9		2 1		2 2		2 4	20
EARNINGS AVAILABLE FOR COMMON EQUITY		11 7		12 4		6 7		5 4		6 7	21
TOTAL		100 0		100 0		100 0		100 0		100 0	22
				DOLLARS PER AVERAGE ACCESS LINE PER MONTH							
WAGES AND BENEFITS	$	6 63	$	6 83	$	8 33	$	7 36	$	6 90	23
OTHER OPERATION AND MAINTENANCE EXPENSES		5 22		4 00		3 55		3 50		3 55	[illegible]
DEPRECIATION AND AMORTIZATION EXPENSES		6 05		5 78		5 90		6 08		5 28	25
EXTRAORDINARY RETIREMENTS		-		-		-		-		-	26
INCOME TAXES - OPERATING		2 74		1 95		1 16		1 07		0 95	27
OTHER TAXES - OPERATING		3 94		3 57		4 21		3 89		3 79	28
											29
INTEREST CHARGES **		4 39		4 61		5 20		5 15		5 50	
PREFERRED DIVIDENDS **		0 48		0 61		0 64		0 65		0 68	30
EARNINGS AVAILABLE FOR COMMON EQUITY		3 90		3 87		2 09		1 58		1 92	31
TOTAL	$	33 35	$	31 21	$	31 08	$	29 29	$	28 56	32

* YEAR END AVERAGE

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ONEIDA COUNTY RURAL TELEPHONE COMPANY
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF TELEPHONE PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	TELEPHONE PLANT	$ 4,054,829	$ 3,728,109	$ 3,655,495	$ 3,682,545	$ 3,506,248
2	ACCUM PROV FOR DEPR & AMORT	1,637,474	1,542,916	1,451,614	1,403,324	1,227,554
3	NET TELEPHONE PLANT	2,417,355	2,185,193	2,203,881	2,279,221	2,278,694
4	INVESTMENTS IN AFFILIATED COMPANIES	-	-	-	-	-
5	ADVANCES TO AFFILIATED COMPANIES	80,526	-	-	-	-
6	MISCELLANEOUS PHYSICAL PROPERTY	-	195,254	187,350	15,566	15,566
7	OTHER INVESTMENTS AND FUNDS	233,659	42,600	20,500	15,500	15,500
8	TOTAL INVESTMENTS AND FUNDS	314,185	237,854	207,850	31,066	31,066
9	CASH AND WORKING FUNDS	17,241	16,419	88,924	34,214	15,356
10	SPECIAL CASH DEPOSITS	-	-	-	-	-
11	TEMPORARY CASH INVESTMENTS	151,935	370,230	271,501	252,626	119,735
12	NOTES & ACCT'S REC -AFFILIATED CO'S	-	-	-	-	-
13	OTHER NOTES AND ACCOUNTS RECEIVABLE	90,688	119,235	84,973	106,300	103,070
14	DUE - CUST & AGENTS LESS ACCUM PROV - UNCOLLECTIBLE ACCTS	81,494	90,068	81,882	75,621	76,247
15	MATERIALS AND SUPPLIES	52,754	95,585	68,067	35,452	46,898
16	MERCH AND MATERIAL HELD FOR SALE	-	-	-	-	11,408
17	PREPAYMENTS	37,430	45,451	39,590	40,178	37,932
18	OTHER CURRENT AND ACCRUED ASSETS	235,078	205,828	158,854	136,237	103,957
19	TOTAL CURRENT AND ACCRUED ASSETS	666,620	942,816	793,791	680,628	514,603
20	UNAMORTIZED DEBT DISCOUNT AND EXPENSE	7,592	7,988	8,385	8,782	9,178
21	EXTRAORDINARY MAINTENANCE & RETIREMENTS	-	-	5,637	11,274	16,911
22	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
23	OTHER DEFERRED DEBITS	-	184	3,380	4,521-	1,716
24	TOTAL DEFERRED DEBITS	7,592	8,172	17,402	15,535	27,805
25	TOTAL ASSETS AND OTHER DEBITS	3,405,752	$ 3,374,035	$ 3,222,924	$ 3,006,450	$ 2,852,168
	TELEPHONE PLANT					
26	PLANT IN SERVICE	$ 3,786,331	$ 3,578,566	$ 3,509,719	$ 3,640,531	$ 3,459,965
27	PLANT UNDER CONSTRUCTION	268,498	149,543	145,776	42,014	46,283
28	PROPERTY HELD FOR FUTURE USE	-	-	-	-	-
29	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
30	PLANT ADJUSTMENTS	-	-	-	-	-
31	TOTAL TELEPHONE UTILITY PLANT	4,054,829	3,728,109	3,655,495	3,682,545	3,506,248
32	ACCUM PROV FOR DEPR AND AMORT	1,637,474	1,542,916	1,451,614	1,403,324	1,227,554
33	NET TELEPHONE PLANT	2,417,355	2,185,193	2,203,881	2,279,221	2,278,694
	PLANT IN SERVICE					
34	BEGINNING OF YEAR	3,578,566	3,509,719	3,640,531	3,459,965	3,352,094
35	ADDITIONS	298,941	223,014	95,522	247,007	163,817
36	RETIREMENTS	91,176	156,167	58,989	66,441	55,946
37	TRANSFERS AND ADJUSTMENTS	-	2,000	167,345-	-	-
38	END OF YEAR	$ 3,786,331	$ 3,578,566	$ 3,509,719	$ 3,640,531	$ 3,459,965

ONEIDA COUNTY RURAL TELEPHONE COMPANY
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 85,100	$ 85,100	$ 85,100	$ 85,100	$ 85,100	1
PREFERRED CAPITAL STOCK	80,100	81,700	83,700	90,050	92,250	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	753,228	679,577	567,294	453,267	359,037	9
TOTAL PROPRIETARY CAPITAL	918,428	846,377	736,094	628,417	536,387	10
BONDS (LESS BONDS REACQUIRED)	1,813,824	1,874,923	1,934,308	1,992,074	2,048,191	11
ADVANCES FROM AFFILIATED COMPANIES	-	-	-	-	-	12
OTHER LONG-TERM DEBT	-	-	-	-	-	13
TOTAL LONG-TERM DEBT	1,813,824	1,874,923	1,934,308	1,992,074	2,048,191	14
NOTES & ACCTS PAY TO AFFILIATED CO'S	-	-	-	-	-	15
OTHER NOTES AND ACCOUNTS PAYABLE	202,877	91,858	101,893	106,784	56,168	16
CUSTOMERS' DEPOSITS	4,630	5,505	5,751	7,360	9,210	17
ADVANCE BILLING AND PAYMENTS	20,119	20,619	18,159	16,652	24,190	18
TAXES ACCRUED	57,770-	54,788	6,176-	33,730	33	19
OTHER CURRENT AND ACCRUED LIABILITIES	44,696	54,967	46,595	57,235	35,332	20
TOTAL CURRENT AND ACCRUED LIABILITIES	214,552	227,737	166,222	221,761	124,933	21
UNAMORTIZED PREMIUM ON DEBT	-	-	-	-	-	22
ACCUM. DEFERRED INVESTMENT TAX CREDITS	123,545	135,674	140,940	74,464	35,739	23
OTHER DEFERRED CREDITS	203,371	172,842	141,597	4,758	4,211	24
TOTAL DEFERRED CREDITS	326,916	308,516	282,537	79,222	39,950	25
OPERATING RESERVES	44,650	49,651	45,063	34,556	33,517	26
ACCUM. DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION	78,048	58,615	58,700	50,420	69,190	27
ACCUM. DEFERRED INCOME TAXES - OTHER	9,334	8,216	-	-	-	28
TOTAL LIABILITIES AND OTHER CREDITS	$ 3,405,752	$ 3,374,035	$ 3,222,924	$ 3,006,450	$ 2,852,168	29
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS/CURRENT LIABILITIES	3.11	4.14	4.78	3.07	4.12	30
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	66.3	68.8	72.4	76.0	79.2	31
PREFERRED STOCK	2.9	3.0	3.1	3.4	3.5	32
COMMON STOCK & OTHER PAID-IN CAPITAL	3.1	3.1	3.1	3.2	3.2	33
RETAINED EARNINGS	27.5	24.9	21.2	17.2	13.8	34
LONG TERM DEBT % OF GROSS UTILITY PLANT	44.7	50.2	52.9	54.0	58.4	35
ACCUM. PROV. FOR DEPR & AMORT. %OF UTIL. PLT	40.3	41.3	39.7	38.1	35.0	36

ONEIDA COUNTY RURAL TELEPHONE COMPANY
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL					
1	NET INCOME	$ 111,267	$ 120,649	$ 118,323	$ 91,181	$ 97,705
2	DEPRECIATION AND AMORTIZATION	195,970	214,425	194,056	192,347	183,771
3	DEFERRED INCOME TAXES (NET)	8,422	2,865	57,897	19,955	16,568
4	INTEREST CAPITALIZED	-	-	-	-	-
5	OTHER (NET)	-	-	10,507	1,039	6,295
6	SUBTOTAL	315,659	337,939	380,783	304,522	304,339
7	EXTRAORDINARY ITEMS	29,388-	-	4,381	11,907	-
8	TOTAL FUNDS - INTERNAL SOURCES	286,271	337,939	385,164	316,429	304,339
9	LESS DIVIDENDS PREFERRED	4,824	4,962	5,273	5,454	5,668
	COMMON	3,404	3,404	3,404	3,404	3,404
11	NET FUNDS - INTERNAL SOURCES	278,043	329,573	376,487	307,571	295,267
	EXTERNAL					
12	LONG TERM DEBT	-	-	-	-	-
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	-	-	-	-	-
17	OTHER (NET)	-	-	-	-	-
18	TOTAL FUNDS - EXTERNAL SOURCES	-	-	-	-	-
	OTHER SOURCES					
19	NET DECREASE IN WORKING CAPITAL	254,990	-	-	-	-
20	OTHER	12,030	110,137	76,880	73,290	79,010
21	TOTAL FUNDS PROVIDED	$ 545,063	$ 439,710	$ 453,367	$ 380,861	$ 374,277
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
22	TELEPHONE PLANT	$ 417,896	$ 228,781	$ 199,283	$ 242,738	$ 204,451
23	NON-UTILITY PLANT	7,876	30,390	23,003	-	-
24	OTHER	-	-	-	-	-
25	TOTAL CONSTRUCTION	425,772	259,171	222,286	242,738	204,451
26	LESS INTEREST CAPITALIZED	-	-	-	-	-
27	TOTAL EXCLUDING INTEREST CAPITALIZED	425,772	259,171	222,286	242,738	204,451
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	61,099	59,385	39,156	56,117	54,621
29	PREFERRED STOCK	1,600	2,000	6,350	2,200	3,450
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	-	-	-	-
32	OTHER (NET)	-	-	-	-	-
33	TOTAL RETIREMENT OF SECURITIES	62,599	61,385	45,506	58,317	58,071
	OTHER USES					
34	NET INCREASE IN WORKING CAPITAL	-	81,650	169,290	66,951	106,241
35	OTHER	56,592	37,504	16,285	12,855	5,514
36	TOTAL FUNDS APPLIED	$ 545,063	$ 439,710	$ 453,367	$ 380,861	$ 374,277

ONEIDA COUNTY RURAL TELEPHONE COMPANY
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
TELEPHONE OPERATING INCOME						
OPERATING REVENUES	$ 1,462,764	$ 1,477,252	$ 1,354,428	$ 1,288,981	$ 1,177,470	1
OPERATION AND MAINTENANCE EXPENSE	966,575	904,634	841,865	769,096	678,670	2
EXTRAORDINARY RETIREMENTS	-	5,637	5,637	5,637	5,637	3
DEPRECIATION	131,500	168,936	161,062	190,851	179,322	4
AMORTIZATION	-	-	-	-	-	5
TAXES OTHER THAN INCOME TAXES-OPERATING	182,840	175,419	152,012	170,652	136,130	6
INCOME TAXES-OPERATING	4,261-	40,978	56,467	33,227	7,463	7
OPERATING INCOME TAXES DEFERRED	15,797	2,886-	1,117-	14,132-	22,295	8
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	5,398	11,017	8,989-	4,638-	13,190-	9
TOTAL OPERATING EXPENSES	1,297,849	1,303,735	1,206,937	1,150,693	1,016,327	10
TOTAL TELEPHONE OPERATING INCOME	164,915	173,517	147,491	138,288	161,143	11
OTHER INCOME						
DIVIDEND INCOME	-	-	18,313	-	-	12
INTEREST INCOME	13,584	19,826	-	10,259	7,786	13
ALLOWANCE FOR CONSTRUCTION FUNDS	-	-	-	-	-	14
INCOME FROM SINKING AND OTHER FUNDS	-	-	-	-	-	15
INCOME FROM MISC. PHYSICAL PROPERTY	40,276	23,283	928-	1,664-	1,357-	16
MISCELLANEOUS INCOME	5,550-	-	53,344	12,766	2,350	17
TOTAL OTHER INCOME	48,310	43,109	70,729	21,361	8,779	18
TOTAL INCOME	213,225	216,626	218,220	159,649	169,922	19
INCOME DEDUCTIONS						
TAXES OTHER THAN INC. TAXES-NONOPERATING	284	595	5,201	528	705	20
INCOME TAXES-NONOPERATING	9,749	22,550	22,399	-	-	21
MISCELLANEOUS INCOME CHARGES	23,569	3,308	1,939	5,667-	4,217-	22
TOTAL INCOME DEDUCTIONS	33,602	26,453	29,539	5,139-	3,512-	23
INCOME BEFORE INTEREST CHARGES	179,623	190,173	188,681	164,788	173,434	24
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	67,018	68,402	70,502	71,751	73,946	25
AMORT. OF DEBT DISCOUNT AND EXPENSE	396	397	397	397	397	26
AMORT. OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	27
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	28
OTHER INTEREST EXPENSE	942	725	541-	1,459	1,386	29
TOTAL INTEREST CHARGES	68,356	69,524	70,358	73,607	75,729	30
INCOME BEFORE EXTRAORDINARY/DELAYED ITEMS	111,267	120,649	118,323	91,181	97,705	31
EXTRAORDINARY & DELAYED ITEMS - NET LESS TAX EFFECT	29,388-	-	4,381	11,907	-	32
NET INCOME	$ 81,879	$ 120,649	$ 122,704	$ 103,088	$ 97,705	33
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 679,577	$ 567,294	$ 453,267	$ 359,037	$ 270,404	34
TRANSFERRED FROM INCOME	81,879	120,649	122,704	103,088	97,705	35
MISCELLANEOUS CREDITS	-	-	-	-	-	36
MISCELLANEOUS DEBITS	-	-	-	-	-	37
APPROPRIATIONS	-	-	-	-	-	38
DIVIDENDS DECLARED-PREFERRED STOCK	4,824	4,962	5,273	5,454	5,668	39
-COMMON STOCK	3,404	3,404	3,404	3,404	3,404	40
BALANCE END OF YEAR	753,228	679,577	567,294	453,267	359,037	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 753,228	$ 679,577	$ 567,294	$ 453,267	$ 359,037	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME-PERCENT OF OPERATING REVENUES	5.5	8.1	9.0	7.9	8.2	44
PRETAX COVERAGE OF INTEREST CHARGES	3.0	3.8	3.7	2.4	2.5	45
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	4.4	2.9	2.8	3.4	3.6	46
RETURN ON COMMON EQUITY	9.6	16.3	19.7	19.8	23.0	47

ONEIDA COUNTY RURAL TELEPHONE COMPANY
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	TELEPHONE OPERATING REVENUES					
1	LOCAL REVENUES	$ 781,805	$ 802,781	$ 726,069	$ 722,206	$ 654,622
2	ACCESS REVENUES	177,607	234,839	238,032	-	-
3	TOLL REVENUES	404,702	387,481	288,681	440,165	402,657
4	MISCELLANEOUS REVENUES	99,250	54,751	105,246	128,880	129,191
5	UNCOLLECTIBLE REVENUES-DR	600	2,600	3,600	2,270	9,000
6	TOTAL OPERATING REVENUES	$ 1,462,764	$ 1,477,252	$ 1,354,428	$ 1,288,981	$ 1,177,470
7	ACCESS LINES IN SERVICE	2,909	2,838	2,763	2,679	2,611
	TELEPHONE OPERATING REVENUE RELATIONSHIPS					
	REVENUE PER AVERAGE ACCESS LINE*					
8	LOCAL REVENUE	$ 272 07	$ 286 66	$ 266 84	$ 273 05	$ 252 26
9	ACCESS REVENUE	61 81	83 86	87 48		
10	TOLL REVENUE	140 84	138 36	106 09	166 41	155 17

*YEAR END AVERAGE

LINE NO	ITEM	1987	1986	1985	1984	1983
	OPERATION AND MAINTENANCE EXPENSES					
11	MAINTENANCE EXPENSES	$ 343,531	$ 311,083	$ 262,619	$ 284,592	$ 243,064
12	DEPRECIATION & AMORTIZATION	131,500	174,573	166,699	196,488	184,959
13	TRAFFIC EXPENSES	33,640	33,981	28,165	32,366	22,768
14	COMMERCIAL EXPENSES	31,936	26,951	24,353	52,916	64,299
15	ACCESS EXPENSES	-	-	-	-	-
16	GENERAL OFFICE SALARIES & EXPENSES	421,471	389,487	356,814	279,063	239,307
17	OTHER OPERATING EXPENSES	135,997	143,132	169,914	120,159	109,232
18	TOTAL O & M EXPENSES	$ 1,098,075	$ 1,079,207	$ 1,008,564	$ 965,584	$ 863,629

ONEIDA COUNTY RURAL TELEPHONE COMPANY
DISTRIBUTION OF TELEPHONE REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
REVENUES	$ 1,462,764	$ 1,477,252	$ 1,354,428	$ 1,288,981	$ 1,177,470	1
ACCESS LINES - AVERAGE*	2,874	2,801	2,721	2,645	2,595	2
DOLLAR AMOUNTS						
WAGES AND BENEFITS	$ 520,371	$ 495,385	$ 484,483	$ 398,391	$ 334,731	3
OTHER OPERATION AND MAINTENANCE EXPENSES	446,204	409,249	357,382	370,705	343,939	4
DEPRECIATION AND AMORTIZATION EXPENSES	131,500	168,936	161,062	190,851	179,322	5
EXTRAORDINARY RETIREMENTS	-	5,637	5,637	5,637	5,637	6
INCOME TAXES - OPERATING	16,934	49,109	46,361	14,457	16,568	7
OTHER TAXES - OPERATING	182,840	175,419	152,012	170,652	136,130	8
INTEREST CHARGES **	68,356	69,524	70,358	73,607	75,729	9
PREFERRED DIVIDENDS**	4,824	4,962	5,273	5,454	5,668	10
EARNINGS AVAILABLE FOR COMMON EQUITY	91,735	99,031	71,860	59,227	79,746	11
TOTAL	$ 1,462,764	$ 1,477,252	$ 1,354,428	$ 1,288,981	$ 1,177,470	12
PERCENT OF REVENUES						
WAGES AND BENEFITS	35.6	33.5	35.8	30.9	28.4	13
OTHER OPERATION AND MAINTENANCE EXPENSES	30.5	27.7	26.4	28.8	29.2	14
DEPRECIATION AND AMORTIZATION EXPENSES	9.0	11.4	11.9	14.8	15.2	15
EXTRAORDINARY RETIREMENTS	-	0.4	0.4	0.4	0.5	16
INCOME TAXES - OPERATING	1.2	3.3	3.4	1.1	1.4	17
OTHER TAXES - OPERATING	12.5	11.9	11.2	13.2	11.6	18
INTEREST CHARGES**	4.7	4.7	5.2	5.7	6.4	19
PREFERRED DIVIDENDS **	0.3	0.3	0.4	0.4	0.5	20
EARNINGS AVAILABLE FOR COMMON EQUITY	6.3	6.7	5.3	4.6	6.8	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
DOLLARS PER AVERAGE ACCESS LINE PER MONTH						
WAGES AND BENEFITS	$ 15.09	$ 14.74	$ 14.84	$ 12.55	$ 10.75	23
OTHER OPERATION AND MAINTENANCE EXPENSES	12.94	12.18	10.95	11.68	11.04	24
DEPRECIATION AND AMORTIZATION EXPENSES	3.81	5.03	4.93	6.01	5.76	25
EXTRAORDINARY RETIREMENTS	-	0.17	0.17	0.18	0.18	26
INCOME TAXES - OPERATING	0.49	1.46	1.42	0.46	0.53	27
OTHER TAXES - OPERATING	5.30	5.22	4.66	5.38	4.37	28
INTEREST CHARGES **	1.98	2.07	2.15	2.32	2.43	29
PREFERRED DIVIDENDS **	0.14	0.15	0.16	0.17	0.18	30
EARNINGS AVAILABLE FOR COMMON EQUITY	2.66	2.95	2.20	1.87	2.56	31
TOTAL	$ 42.42	$ 43.96	$ 41.48	$ 40.61	$ 37.81	32

* YEAR END AVERAGE

**NET OF AFC

ONTARIO TELEPHONE COMPANY, INCORPORATED
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF TELEPHONE PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	TELEPHONE PLANT	$ 4,604,081	$ 4,287,260	$ 4,133,815	$ 3,955,563	$ 3,888,983
2	ACCUM. PROV. FOR DEPR. & AMORT	1,867,716	1,660,859	1,505,771	1,309,785	1,339,804
3	NET TELEPHONE PLANT	2,736,365	2,626,401	2,628,044	2,645,778	2,549,179
4	INVESTMENTS IN AFFILIATED COMPANIES	102,491	102,394	94,070	83,993	71,042
5	ADVANCES TO AFFILIATED COMPANIES	250,000	-	-	-	-
6	MISCELLANEOUS PHYSICAL PROPERTY	99,511	70,679	35,016	24,948	-
7	OTHER INVESTMENTS AND FUNDS	29,000	20,000	8,000	3,000	-
8	TOTAL INVESTMENTS AND FUNDS	481,002	193,073	137,086	111,941	71,042
9	CASH AND WORKING FUNDS	312,518	625,449	312,196	292,329	144,966
10	SPECIAL CASH DEPOSITS	-	-	-	-	-
11	TEMPORARY CASH INVESTMENTS	711,916	100,435	100,566	152,130	-
12	NOTES & ACCT'S REC.-AFFILIATED CO'S	225,841	182,331	214,678	65,320	65,873
13	OTHER NOTES AND ACCOUNTS RECEIVABLE	387,840	536,606	233,260	139,599	5,351
14	DUE - CUST. & AGENTS LESS ACCUM. PROV. - UNCOLLECTIBLE ACCTS	145,234	149,027	205,828	191,746	140,027
15	MATERIALS AND SUPPLIES	90,852	92,620	64,264	64,945	67,917
16	MERCH. AND MATERIAL HELD FOR SALE	12,825	17,138	5,200	13,891	-
17	PREPAYMENTS	20,949	17,106	11,655	6,597	17,503
18	OTHER CURRENT AND ACCRUED ASSETS	247,110	152,843	133,584	124,584	144,459
19	TOTAL CURRENT AND ACCRUED ASSETS	2,155,085	1,873,555	1,281,231	1,051,141	586,096
20	UNAMORTIZED DEBT DISCOUNT AND EXPENSE	-	2,108	2,522	2,935	3,351
21	EXTRAORDINARY MAINTENANCE & RETIREMENTS	-	-	-	-	-
22	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
23	OTHER DEFERRED DEBITS	-	5,478	14,715	16,234	15,090
24	TOTAL DEFERRED DEBITS	-	7,586	17,237	19,170	18,441
25	TOTAL ASSETS AND OTHER DEBITS	5,372,452	$ 4,700,615	$ 4,063,598	$ 3,828,030	$ 3,224,758
	TELEPHONE PLANT					
26	PLANT IN SERVICE	$ 4,483,949	$ 4,226,133	$ 4,085,904	$ 3,900,673	$ 3,880,539
27	PLANT UNDER CONSTRUCTION	120,132	61,127	47,911	54,890	8,444
28	PROPERTY HELD FOR FUTURE USE	-	-	-	-	-
29	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
30	PLANT ADJUSTMENTS	-	-	-	-	-
31	TOTAL TELEPHONE UTILITY PLANT	4,604,081	4,287,260	4,133,815	3,955,563	3,888,983
32	ACCUM. PROV. FOR DEPR. AND AMORT	1,867,716	1,660,859	1,505,771	1,309,785	1,339,804
33	NET TELEPHONE PLANT	2,736,365	2,626,401	2,628,044	2,645,778	2,549,179
	PLANT IN SERVICE					
34	BEGINNING OF YEAR	4,226,133	4,085,904	3,900,673	3,880,539	2,565,104
35	ADDITIONS	366,183	217,576	216,307	305,131	1,335,502
36	RETIREMENTS	108,367	77,347	31,076	284,997	20,067
37	TRANSFERS AND ADJUSTMENTS	-	-	-	-	-
38	END OF YEAR	$ 4,483,949	$ 4,226,133	$ 4,085,904	$ 3,900,673	$ 3,880,539

ONTARIO TELEPHONE COMPANY, INCORPORATED
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 115,000	$ 115,000	$ 115,000	$ 115,000	$ 115,000	1
PREFERRED CAPITAL STOCK	125,000	125,000	125,000	125,000	125,000	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	3,457,667	2,964,402	2,591,418	2,294,533	1,961,118	9
TOTAL PROPRIETARY CAPITAL	3,697,667	3,204,403	2,831,418	2,534,533	2,201,118	10
BONDS (LESS BONDS REACQUIRED)	222,000	228,000	234,000	240,000	246,000	11
ADVANCES FROM AFFILIATED COMPANIES	-	-	-	-	-	12
OTHER LONG-TERM DEBT	-	-	-	-	-	13
TOTAL LONG-TERM DEBT	222,000	228,000	234,000	240,000	246,000	14
NOTES & ACCTS PAY TO AFFILIATED CO'S	-	-	-	-	-	15
OTHER NOTES AND ACCOUNTS PAYABLE	309,644	288,663	253,346	321,349	265,275	16
CUSTOMERS' DEPOSITS	3,947	5,199	7,950	9,217	9,325	17
ADVANCE BILLING AND PAYMENTS	23,880	21,435	19,390	16,084	14,169	18
TAXES ACCRUED	141,088	119,311	34,642	139,047	38,015	19
OTHER CURRENT AND ACCRUED LIABILITIES	81,099	35,706	26,737	24,992	24,262	20
TOTAL CURRENT AND ACCRUED LIABILITIES	559,658	470,314	342,065	510,689	351,046	21
UNAMORTIZED PREMIUM ON DEBT	-	-	-	-	-	22
ACCUM. DEFERRED INVESTMENT TAX CREDITS	174,776	188,159	202,437	191,967	175,107	23
OTHER DEFERRED CREDITS	44,698	21,617	-	-	2,705	24
TOTAL DEFERRED CREDITS	219,474	209,776	202,437	191,967	177,812	25
OPERATING RESERVES	27,987	29,828	-	3,202	1,850	26
ACCUM. DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION	624,908	546,549	443,395	335,566	239,975	27
ACCUM. DEFERRED INCOME TAXES - OTHER	20,758	11,745	10,283	12,073	6,957	28
TOTAL LIABILITIES AND OTHER CREDITS	$ 5,372,452	$ 4,700,615	$ 4,063,598	$ 3,828,030	$ 3,224,758	29
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS/CURRENT LIABILITIES	3.85	3.98	3.75	2.06	1.67	30
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	5.6	6.6	7.6	8.6	10.0	31
PREFERRED STOCK	3.1	3.6	4.0	4.5	5.1	32
COMMON STOCK & OTHER PAID-IN CAPITAL	2.9	3.3	3.7	4.1	4.6	33
RETAINED EARNINGS	88.2	86.3	84.5	82.6	80.1	34
LONG TERM DEBT % OF GROSS UTILITY PLANT	4.8	5.3	5.6	6.0	6.3	35
ACCUM. PROV. FOR DEPR & AMORT. %OF UTIL. PLT	40.5	38.7	36.4	33.1	34.4	36

ONTARIO TELEPHONE COMPANY, INCORPORATED
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL					
1	NET INCOME	$ 579,539	$ 410,384	$ 327,615	$ 363,225	$ 314,406
2	DEPRECIATION AND AMORTIZATION	292,342	235,053	219,673	217,384	179,858
3	DEFERRED INCOME TAXES (NET)	69,613	89,041	116,509	117,567	150,244
4	INTEREST CAPITALIZED	1,101-	3,704-	2,972-	1,332-	26,021-
5	OTHER (NET)	24,539-	-	7,197-	-	-
6	SUBTOTAL	915,854	730,774	653,628	696,844	618,487
7	EXTRAORDINARY ITEMS	-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	915,854	730,774	653,628	696,844	618,487
9	LESS DIVIDENDS PREFERRED	7,500	7,500	7,500	7,500	7,499
	COMMON	78,775	29,900	23,230	22,310	21,390
11	NET FUNDS - INTERNAL SOURCES	829,579	693,374	622,898	667,034	589,598
	EXTERNAL					
12	LONG TERM DEBT	-	-	-	-	-
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	-	-	-	-	75,287
17	OTHER (NET)	-	-	-	-	-
18	TOTAL FUNDS - EXTERNAL SOURCES	-	-	-	-	75,287
	OTHER SOURCES					
19	NET DECREASE IN WORKING CAPITAL	-	-	-	-	656,908
20	OTHER	13,883	-	15,137	60,614	6,929
21	TOTAL FUNDS PROVIDED	$ 843,462	$ 693,374	$ 638,035	$ 727,648	$ 1,328,722
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
22	TELEPHONE PLANT	$ 425,188	$ 230,792	$ 219,497	$ 351,577	$ 1,312,844
23	NON-UTILITY PLANT	28,832	-	-	-	-
24	OTHER	97	8,324	10,077	12,951	7,167
25	TOTAL CONSTRUCTION	454,117	239,116	229,574	364,528	1,320,011
26	LESS INTEREST CAPITALIZED	1,101	3,704	2,972	1,332	26,021
27	TOTAL EXCLUDING INTEREST CAPITALIZED	453,016	235,412	226,602	363,196	1,293,990
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	6,000	6,000	6,000	6,000	6,000
29	PREFERRED STOCK	-	-	-	-	-
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	4,399	2,400	13,750	200	-
32	OTHER (NET)	250,000	-	-	-	-
33	TOTAL RETIREMENT OF SECURITIES	260,399	8,400	19,750	6,200	6,000
	OTHER USES					
34	NET INCREASE IN WORKING CAPITAL	119,433	407,628	384,349	335,647	-
35	OTHER	10,614	41,934	7,334	22,605	28,732
36	TOTAL FUNDS APPLIED	$ 843,462	$ 693,374	$ 638,035	$ 727,648	$ 1,328,722

ONTARIO TELEPHONE COMPANY, INCORPORATED
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
TELEPHONE OPERATING INCOME						
OPERATING REVENUES	$ 2,439,326	$ 2,040,981	$ 1,816,252	$ 1,718,341	$ 1,427,683	1
OPERATION AND MAINTENANCE EXPENSE	1,095,804	999,016	887,394	742,821	683,030	2
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	3
DEPRECIATION	291,928	217,561	202,633	201,815	165,824	4
AMORTIZATION	-	-	-	-	-	5
TAXES OTHER THAN INCOME TAXES-OPERATING	123,103	177,253	187,249	173,512	138,913	6
INCOME TAXES-OPERATING	287,762	157,042	98,105	125,024	98,319	7
OPERATING INCOME TAXES DEFERRED	82,591	102,455	105,180	99,486	63,959	8
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	-	-	-	-	-	9
TOTAL OPERATING EXPENSES	1,881,188	1,653,327	1,480,561	1,342,658	1,150,045	10
TOTAL TELEPHONE OPERATING INCOME	558,138	387,654	335,691	375,683	277,638	11
OTHER INCOME						
DIVIDEND INCOME	-	-	-	-	-	12
INTEREST INCOME	91,033	61,831	33,016	28,339	42,050	13
ALLOWANCE FOR CONSTRUCTION FUNDS	1,101-	3,704	2,972	1,332	26,021	14
INCOME FROM SINKING AND OTHER FUNDS	-	-	5,150	-	-	15
INCOME FROM MISC. PHYSICAL PROPERTY	8,494	10,198	10,134	492	-	16
MISCELLANEOUS INCOME	12,632	20,252	-	16,548	17,422	17
TOTAL OTHER INCOME	111,058	95,985	51,272	46,711	85,493	18
TOTAL INCOME	669,196	483,639	386,963	422,394	363,131	19
INCOME DEDUCTIONS						
TAXES OTHER THAN INC. TAXES-NONOPERATING	3,004	2,040	1,219	1,063	540	20
INCOME TAXES-NONOPERATING	39,638	31,535	16,845	15,658	7,276	21
MISCELLANEOUS INCOME CHARGES	11,258	4,991	4,925	3,806	7,233	22
TOTAL INCOME DEDUCTIONS	53,900	38,566	22,989	20,527	15,049	23
INCOME BEFORE INTEREST CHARGES	615,296	445,073	363,974	401,867	348,082	24
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	18,036	18,504	18,970	19,540	20,028	25
AMORT. OF DEBT DISCOUNT AND EXPENSE	415	414	414	415	415	26
AMORT. OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	27
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	28
OTHER INTEREST EXPENSE	17,306	15,771	16,975	18,687	13,233	29
TOTAL INTEREST CHARGES	35,757	34,689	36,359	38,642	33,676	30
INCOME BEFORE EXTRAORDINARY/DELAYED ITEMS	579,539	410,384	327,615	363,225	314,406	31
EXTRAORDINARY & DELAYED ITEMS - NET LESS TAX EFFECT	-	-	-	-	-	32
NET INCOME	$ 579,539	$ 410,384	$ 327,615	$ 363,225	$ 314,406	33
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 2,964,403	$ 2,591,418	$ 2,294,533	$ 1,961,118	$ 1,675,601	34
TRANSFERRED FROM INCOME	579,539	410,384	327,615	363,225	314,406	35
MISCELLANEOUS CREDITS	-	-	-	-	-	36
MISCELLANEOUS DEBITS	-	-	-	-	-	37
APPROPRIATIONS	-	-	-	-	-	38
DIVIDENDS DECLARED-PREFERRED STOCK	7,500	7,500	7,500	7,500	7,499	39
-COMMON STOCK	78,775	29,900	23,230	22,310	21,390	40
BALANCE END OF YEAR	3,457,667	2,964,402	2,591,418	2,294,533	1,961,118	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 3,457,667	$ 2,964,402	$ 2,591,418	$ 2,294,533	$ 1,961,118	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME-PERCENT OF OPERATING REVENUES	23.7	20.1	18.0	21.1	22.0	44
PRETAX COVERAGE OF INTEREST CHARGES	28.7	21.2	16.0	16.5	15.4	45
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	13.7	7.4	7.2	6.2	6.9	46
RETURN ON COMMON EQUITY	17.1	13.9	12.5	15.8	15.8	47

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ONTARIO TELEPHONE COMPANY, INCORPORATED
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM		1987	1986	1985	1984	1983
	TELEPHONE OPERATING REVENUES						
1	LOCAL REVENUES	$	569,052 $	402,832 $	371,676 $	359,811 $	353,764
2	ACCESS REVENUES		893,373	684,093	829,086	-	-
3	TOLL REVENUES		589,892	618,411	296,154	1,245,422	982,087
4	MISCELLANEOUS REVENUES		395,608	339,645	323,336	129,108	99,832
5	UNCOLLECTIBLE REVENUES-DR		8,599	4,000	4,000	16,000	8,000
6	TOTAL OPERATING REVENUES	$	2,439,326 $	2,040,981 $	1,816,252 $	1,718,341 $	1,427,683
7	ACCESS LINES IN SERVICE		3,711	3,556	3,461	3,353	3,230
	TELEPHONE OPERATING REVENUE RELATIONSHIPS						
	REVENUE PER AVERAGE ACCESS LINE*						
8	LOCAL REVENUE		$ 156.61	$ 114.82	$ 109.09	$ 109.32	$ 110.57
9	ACCESS REVENUE		245.87	194.98	243.35		
10	TOLL REVENUE		162.35	176.26	86.93	378.38	306.95

*YEAR END AVERAGE

LINE NO	ITEM		1987	1986	1985	1984	1983
	OPERATION AND MAINTENANCE EXPENSES						
11	MAINTENANCE EXPENSES	$	380,051 $	376,680 $	382,528 $	334,172 $	301,692
12	DEPRECIATION & AMORTIZATION		291,928	217,561	202,633	201,815	165,824
13	TRAFFIC EXPENSES		19,250	24,186	37,792	16,553	16,599
14	COMMERCIAL EXPENSES		238,929	198,717	158,677	139,123	140,809
15	ACCESS EXPENSES		-	-	-	-	-
16	GENERAL OFFICE SALARIES & EXPENSES		241,582	222,675	199,262	174,665	150,032
17	OTHER OPERATING EXPENSES		215,992	176,758	109,135	78,308	73,898
18	TOTAL O & M EXPENSES	$	1,387,732 $	1,216,577 $	1,090,027 $	944,636 $	848,854

ONTARIO TELEPHONE COMPANY, INCORPORATED
DISTRIBUTION OF TELEPHONE REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
REVENUES	$ 2,439,326	$ 2,040,981	$ 1,816,252	$ 1,718,341	$ 1,427,683	1
ACCESS LINES - AVERAGE*	3,634	3,509	3,407	3,292	3,200	2
			DOLLAR AMOUNTS			
WAGES AND BENEFITS	$ 116,026	$ 682,672	$ 579,675	$ 514,542	$ 438,252	3
OTHER OPERATION AND MAINTENANCE EXPENSES	979,778	316,344	307,719	228,279	244,778	4
DEPRECIATION AND AMORTIZATION EXPENSES	291,928	217,961	202,633	201,815	165,824	5
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	6
INCOME TAXES - OPERATING	370,353	259,497	203,285	224,510	162,278	7
OTHER TAXES - OPERATING	123,103	177,253	187,249	173,512	138,913	8
INTEREST CHARGES **	35,720	34,504	36,181	38,569	31,698	9
PREFERRED DIVIDENDS**	7,485	7,425	7,428	7,472	6,770	10
EARNINGS AVAILABLE FOR COMMON EQUITY	514,933	345,725	292,082	329,642	239,170	11
TOTAL	$ 2,439,326	$ 2,040,981	$ 1,816,252	$ 1,718,341	$ 1,427,683	12
			PERCENT OF REVENUES			
WAGES AND BENEFITS	4.8	33.4	31.9	29.9	30.7	13
OTHER OPERATION AND MAINTENANCE EXPENSES	40.2	15.5	16.9	13.3	17.1	14
DEPRECIATION AND AMORTIZATION EXPENSES	12.0	10.7	11.2	11.7	11.6	15
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	16
INCOME TAXES - OPERATING	15.2	12.7	11.2	13.1	11.4	17
OTHER TAXES - OPERATING	5.0	8.7	10.3	10.1	9.7	18
INTEREST CHARGES**	1.5	1.7	2.0	2.2	2.2	19
PREFERRED DIVIDENDS **	0.3	0.4	0.4	0.4	0.5	20
EARNINGS AVAILABLE FOR COMMON EQUITY	21.1	16.9	16.1	19.2	16.8	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
			DOLLARS PER AVERAGE ACCESS LINE PER MONTH			
WAGES AND BENEFITS	$ 2.66	$ 16.21	$ 14.18	$ 13.03	$ 11.41	23
OTHER OPERATION AND MAINTENANCE EXPENSES	22.47	7.51	7.53	5.78	6.38	24
DEPRECIATION AND AMORTIZATION EXPENSES	6.70	5.17	4.96	5.11	4.32	25
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	26
INCOME TAXES - OPERATING	8.49	6.16	4.97	5.68	4.23	27
OTHER TAXES - OPERATING	2.82	4.21	4.58	4.39	3.62	28
						29
INTEREST CHARGES **	0.82	0.82	0.88	0.98	0.83	
PREFERRED DIVIDENDS **	0.17	0.18	0.18	0.19	0.18	30
EARNINGS AVAILABLE FOR COMMON EQUITY	11.81	8.21	7.14	8.35	6.23	31
TOTAL	$ 55.95	$ 48.48	$ 44.42	$ 43.50	$ 37.19	32

* YEAR END AVERAGE

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PATTERSONVILLE TELEPHONE COMPANY
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF TELEPHONE PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
		ASSETS AND OTHER DEBITS				
1	TELEPHONE PLANT	$ 1,811,404	$ 1,656,838	$ 1,692,540	$ 1,997,231	$ 1,897,908
2	ACCUM PROV FOR DEPR & AMORT	542,213	791,574	772,678	1,002,327	913,260
3	NET TELEPHONE PLANT	1,269,191	865,264	919,862	994,904	984,648
4	INVESTMENTS IN AFFILIATED COMPANIES	-	-	-	-	-
5	ADVANCES TO AFFILIATED COMPANIES	-	-	-	-	-
6	MISCELLANEOUS PHYSICAL PROPERTY	74,986	88,914	103,850	41,946	2,629
7	OTHER INVESTMENTS AND FUNDS	7,226	24,225	12,225	7,225	4,225
8	TOTAL INVESTMENTS AND FUNDS	82,212	113,139	116,075	49,171	6,854
9	CASH AND WORKING FUNDS	10,369	27,853	2,337	8,086	12,697
10	SPECIAL CASH DEPOSITS	-	-	-	-	-
11	TEMPORARY CASH INVESTMENTS	213,097	429,432	289,319	284,239	150,173
12	NOTES & ACCT'S REC -AFFILIATED CO'S	-	-	-	-	-
13	OTHER NOTES AND ACCOUNTS RECEIVABLE	48,813	37,058	82,347	27,881	39,673
14	DUE - CUST & AGENTS LESS ACCUM PROV - UNCOLLECTIBLE ACCTS	12,417	13,212	13,507	18,060	16,360
15	MATERIALS AND SUPPLIES	42,292	40,556	35,159	34,456	31,943
16	MERCH AND MATERIAL HELD FOR SALE	1,073	1,343	3,997	3,307	3,282
17	PREPAYMENTS	30,102	29,859	36,958	28,790	32,763
18	OTHER CURRENT AND ACCRUED ASSETS	-	-	-	-	-
19	TOTAL CURRENT AND ACCRUED ASSETS	358,163	579,313	463,624	404,819	286,891
20	UNAMORTIZED DEBT DISCOUNT AND EXPENSE	10,887	11,490	12,092	12,809	13,491
21	EXTRAORDINARY MAINTENANCE & RETIREMENTS	-	-	-	-	-
22	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
23	OTHER DEFERRED DEBITS	463	167	30	-	-
24	TOTAL DEFERRED DEBITS	11,350	11,657	12,122	12,809	13,491
25	TOTAL ASSETS AND OTHER DEBITS	1,720,916	$ 1,569,373	$ 1,511,683	$ 1,461,703	$ 1,291,884
		TELEPHONE PLANT				
26	PLANT IN SERVICE	$ 1,802,688	$ 1,645,933	$ 1,690,610	$ 1,970,468	$ 1,871,626
27	PLANT UNDER CONSTRUCTION	8,716	10,905	1,930	26,763	26,282
28	PROPERTY HELD FOR FUTURE USE	-	-	-	-	-
29	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
30	PLANT ADJUSTMENTS	-	-	-	-	-
31	TOTAL TELEPHONE UTILITY PLANT	1,811,404	1,656,838	1,692,540	1,997,231	1,897,908
32	ACCUM PROV FOR DEPR AND AMORT	542,213	791,574	772,678	1,002,327	913,260
33	NET TELEPHONE PLANT	1,269,191	865,264	919,862	994,904	984,648
	PLANT IN SERVICE					
34	BEGINNING OF YEAR	1,645,933	1,690,610	1,970,468	1,871,626	1,820,874
35	ADDITIONS	524,032	60,430	128,026	129,511	81,599
36	RETIREMENTS	367,278	105,106	407,884	30,669	30,847
37	TRANSFERS AND ADJUSTMENTS	1	1-	-	-	-
38	END OF YEAR	$ 1,802,688	$ 1,645,933	$ 1,690,610	$ 1,970,468	$ 1,871,626

PATTERSONVILLE TELEPHONE COMPANY
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 56,130	$ 62,450	$ 96,000	$ 96,000	$ 96,000	1
PREFERRED CAPITAL STOCK	13,300	15,300	30,800	42,000	42,500	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	801,742	727,503	623,621	511,318	408,882	9
TOTAL PROPRIETARY CAPITAL	871,172	805,253	750,421	649,318	547,382	10
BONDS(LESS BONDS REACQUIRED)	502,116	526,018	549,085	576,029	602,306	11
ADVANCES FROM AFFILIATED COMPANIES	-	-	-	-	-	12
OTHER LONG-TERM DEBT	-	-	-	-	-	13
TOTAL LONG-TERM DEBT	502,116	526,018	549,085	576,029	602,306	14
NOTES & ACCTS PAY TO AFFILIATED CO'S	-	-	-	-	-	15
OTHER NOTES AND ACCOUNTS PAYABLE	89,295	42,654	32,030	72,872	15,890	16
CUSTOMERS' DEPOSITS	3,025	3,675	3,627	11,252	12,431	17
ADVANCE BILLING AND PAYMENTS	26,319	8,714	9,059	8,120	8,431	18
TAXES ACCRUED	14,194	10,739	3,340	15,505	9,683	19
OTHER CURRENT AND ACCRUED LIABILITIES	12,517	6,091	12,212	11,044	13,719	20
TOTAL CURRENT AND ACCRUED LIABILITIES	145,350	71,873	60,268	118,793	60,154	21
UNAMORTIZED PREMIUM ON DEBT	-	-	-	-	-	22
ACCUM. DEFERRED INVESTMENT TAX CREDITS	51,589	61,012	69,813	67,450	59,419	23
OTHER DEFERRED CREDITS	7,331	-	-	-	-	24
TOTAL DEFERRED CREDITS	58,920	61,012	69,813	67,450	59,419	25
OPERATING RESERVES	-	-	-	-	-	26
ACCUM. DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION	143,358	105,217	82,096	50,113	22,623	27
ACCUM. DEFERRED INCOME TAXES - OTHER	-	-	-	-	-	28
TOTAL LIABILITIES AND OTHER CREDITS	$ 1,720,916	$ 1,569,373	$ 1,511,683	$ 1,461,703	$ 1,291,884	29
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS/CURRENT LIABILITIES	2.46	8.06	7.69	3.41	4.77	30
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	36.5	39.5	42.2	47.0	52.3	31
PREFERRED STOCK	0.9	1.1	2.3	3.4	3.6	32
COMMON STOCK & OTHER PAID-IN CAPITAL	4.0	4.6	7.3	7.8	8.3	33
RETAINED EARNINGS	58.3	54.6	47.9	41.7	35.5	34
LONG TERM DEBT % OF GROSS UTILITY PLANT	27.7	31.7	32.4	28.8	31.7	35
ACCUM. PROV. FOR DEPR & AMORT. %OF UTIL. PLT	29.9	47.7	45.6	50.1	48.1	36

PATTERSONVILLE TELEPHONE COMPANY
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL					
1	NET INCOME	$ 119,347	$ 111,775	$ 127,288	$ 58,489	$ 78,991
2	DEPRECIATION AND AMORTIZATION	128,837	133,013	134,418	118,510	101,690
3	DEFERRED INCOME TAXES (NET)	36,049	14,320	34,346	35,521	16,451
4	INTEREST CAPITALIZED	10,903-	-	-	1,396-	634-
5	OTHER (NET)	6,380	7,579	14,398	1,226	-
6	SUBTOTAL	279,710	266,687	310,450	212,350	196,498
7	EXTRAORDINARY ITEMS	-	-	-	64,722	-
8	TOTAL FUNDS - INTERNAL SOURCES	279,710	266,687	310,450	277,072	196,498
9	LESS DIVIDENDS PREFERRED	858	1,698	2,505	2,535	2,640
	COMMON	44,250	6,195	12,480	18,240	11,520
11	NET FUNDS - INTERNAL SOURCES	234,602	258,794	295,465	256,297	182,338
	EXTERNAL					
12	LONG TERM DEBT	-	-	-	-	-
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	-	-	-	-	-
17	OTHER (NET)	-	-	-	-	15,275
18	TOTAL FUNDS - EXTERNAL SOURCES	-	-	-	-	15,275
	OTHER SOURCES					
19	NET DECREASE IN WORKING CAPITAL	294,870	-	-	-	-
20	OTHER	64	7,564	-	-	6,166
21	TOTAL FUNDS PROVIDED	$ 529,536	$ 266,358	$ 295,465	$ 256,297	$ 203,779
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
22	TELEPHONE PLANT	$ 521,843	$ 69,405	$ 103,193	$ 129,992	$ 97,263
23	NON-UTILITY PLANT	3,373	1,653	32,485	-	-
24	OTHER	-	-	-	-	-
25	TOTAL CONSTRUCTION	525,216	71,058	135,678	129,992	97,263
26	LESS INTEREST CAPITALIZED	10,903	-	-	1,396	634
27	TOTAL EXCLUDING INTEREST CAPITALIZED	514,313	71,058	135,678	128,596	96,629
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	23,902	23,067	26,944	26,277	40,479
29	PREFERRED STOCK	2,000	15,500	11,200	500	2,500
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	-	-	-	-
32	OTHER (NET)	6,320	33,550	-	-	-
33	TOTAL RETIREMENT OF SECURITIES	32,222	72,117	38,144	26,777	42,979
	OTHER USES					
34	NET INCREASE IN WORKING CAPITAL	-	111,183	109,162	63,262	55,504
35	OTHER	16,999-	12,000	12,481	37,662	8,667
36	TOTAL FUNDS APPLIED	$ 529,536	$ 266,358	$ 295,465	$ 256,297	$ 203,779

PATTERSONVILLE TELEPHONE COMPANY
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 56,130	$ 62,450	$ 96,000	$ 96,000	$ 96,000	1
PREFERRED CAPITAL STOCK	13,300	15,300	30,800	42,000	42,500	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	801,742	727,503	623,621	511,318	408,882	9
TOTAL PROPRIETARY CAPITAL	871,172	805,253	750,421	649,318	547,382	10
BONDS(LESS BONDS REACQUIRED)	502,116	526,018	549,085	576,029	602,306	11
ADVANCES FROM AFFILIATED COMPANIES	-	-	-	-	-	12
OTHER LONG-TERM DEBT	-	-	-	-	-	13
TOTAL LONG-TERM DEBT	502,116	526,018	549,085	576,029	602,306	14
NOTES & ACCTS PAY TO AFFILIATED CO'S	-	-	-	-	-	15
OTHER NOTES AND ACCOUNTS PAYABLE	89,295	42,654	32,030	72,872	15,890	16
CUSTOMERS' DEPOSITS	3,025	3,675	3,627	11,252	12,431	17
ADVANCE BILLING AND PAYMENTS	26,319	8,714	9,059	8,120	8,431	18
TAXES ACCRUED	14,194	10,739	3,340	15,505	9,683	19
OTHER CURRENT AND ACCRUED LIABILITIES	12,517	6,091	12,212	11,044	13,719	20
TOTAL CURRENT AND ACCRUED LIABILITIES	145,350	71,873	60,268	118,793	60,154	21
UNAMORTIZED PREMIUM ON DEBT	-	-	-	-	-	22
ACCUM. DEFERRED INVESTMENT TAX CREDITS	51,589	61,012	69,813	67,450	59,419	23
OTHER DEFERRED CREDITS	7,331	-	-	-	-	24
TOTAL DEFERRED CREDITS	58,920	61,012	69,813	67,450	59,419	25
OPERATING RESERVES	-	-	-	-	-	26
ACCUM. DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION	143,358	105,217	82,096	50,113	22,623	27
ACCUM. DEFERRED INCOME TAXES - OTHER	-	-	-	-	-	28
TOTAL LIABILITIES AND OTHER CREDITS	$ 1,720,916	$ 1,569,373	$ 1,511,683	$ 1,461,703	$ 1,291,884	29
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS/CURRENT LIABILITIES	2.46	8.06	7.69	3.41	4.77	30
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	36.5	39.5	42.2	47.0	52.3	31
PREFERRED STOCK	0.9	1.1	2.3	3.4	3.6	32
COMMON STOCK & OTHER PAID-IN CAPITAL	4.0	4.6	7.3	7.8	8.3	33
RETAINED EARNINGS	58.3	54.6	47.9	41.7	35.5	34
LONG TERM DEBT % OF GROSS UTILITY PLANT	27.7	31.7	32.4	28.8	31.7	35
ACCUM. PROV. FOR DEPR & AMORT. %OF UTIL. PLT	29.9	47.7	45.6	50.1	48.1	36

PATTERSONVILLE TELEPHONE COMPANY
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
TELEPHONE OPERATING INCOME						
OPERATING REVENUES	$ 770,375	$ 734,681	$ 711,453	$ 880,195	$ 729,635	1
OPERATION AND MAINTENANCE EXPENSE	433,905	454,083	454,355	515,641	459,351	2
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	3
DEPRECIATION	100,239	105,172	102,457	108,978	93,910	4
AMORTIZATION	-	-	-	-	-	5
TAXES OTHER THAN INCOME TAXES-OPERATING	84,647	79,096	76,012	87,931	76,928	6
INCOME TAXES-OPERATING	18,293	10,759	4,883	25,189	6,682	7
OPERATING INCOME TAXES DEFERRED	33,472	14,637	18,422	23,025	12,996	8
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	-	-	-	-	-	9
TOTAL OPERATING EXPENSES	670,556	663,746	656,129	760,765	649,867	10
TOTAL TELEPHONE OPERATING INCOME	99,819	70,935	55,324	119,430	79,768	11
OTHER INCOME						
DIVIDEND INCOME	-	-	-	-	-	12
INTEREST INCOME	25,102	27,474	27,298	24,075	13,804	13
ALLOWANCE FOR CONSTRUCTION FUNDS	10,903	-	-	1,396	634	14
INCOME FROM SINKING AND OTHER FUNDS	-	-	-	-	-	15
INCOME FROM MISC. PHYSICAL PROPERTY	-	-	-	-	-	16
MISCELLANEOUS INCOME	34,050	51,532	96,731	13,432	7,997	17
TOTAL OTHER INCOME	70,055	79,006	124,029	38,903	22,435	18
TOTAL INCOME	169,874	149,941	179,353	158,333	102,203	19
INCOME DEDUCTIONS						
TAXES OTHER THAN INC. TAXES-NONOPERATING	-	-	-	-	-	20
INCOME TAXES-NONOPERATING	13,178	21,615	34,857	20,146-	3,848	21
MISCELLANEOUS INCOME CHARGES	99	550	99	80,258	-	22
TOTAL INCOME DEDUCTIONS	13,277	22,165	34,956	60,112	3,848	23
INCOME BEFORE INTEREST CHARGES	156,597	127,776	144,397	98,221	98,355	24
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	14,564	15,086	15,611	16,214	17,353	25
AMORT. OF DEBT DISCOUNT AND EXPENSE	603	603	717	682	612	26
AMORT. OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	27
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	28
OTHER INTEREST EXPENSE	84	312	781	1,267	1,399	29
TOTAL INTEREST CHARGES	15,251	16,001	17,109	18,163	19,364	30
INCOME BEFORE EXTRAORDINARY/DELAYED ITEMS	141,346	111,775	127,288	80,058	78,991	31
EXTRAORDINARY & DELAYED ITEMS - NET LESS TAX EFFECT	21,999-	-	-	43,153	-	32
NET INCOME	$ 119,347	$ 111,775	$ 127,288	$ 123,211	$ 78,991	33
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 727,503	$ 623,621	$ 511,318	$ 408,882	$ 344,051	34
TRANSFERRED FROM INCOME	119,347	111,775	127,288	123,211	78,991	35
MISCELLANEOUS CREDITS	-	-	-	-	-	36
MISCELLANEOUS DEBITS	-	-	-	-	-	37
APPROPRIATIONS	-	-	-	-	-	38
DIVIDENDS DECLARED-PREFERRED STOCK	858	1,698	2,505	2,535	2,640	39
-COMMON STOCK	44,250	6,195	12,480	18,240	11,520	40
BALANCE END OF YEAR	801,742	727,503	623,621	511,318	408,882	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 801,742	$ 727,503	$ 623,621	$ 511,318	$ 408,882	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME-PERCENT OF OPERATING REVENUES	15.4	15.2	17.8	13.9	10.8	44
PRETAX COVERAGE OF INTEREST CHARGES	13.9	10.3	11.1	6.5	5.9	45
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	37.3	5.6	10.0	15.1	15.0	46
RETURN ON COMMON EQUITY	14.3	14.5	18.8	21.7	16.1	47

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PATTERSONVILLE TELEPHONE COMPANY
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	TELEPHONE OPERATING REVENUES					
1	LOCAL REVENUES	$ 368,570	$ 358,932	$ 355,215	$ 519,186	$ 438,168
2	ACCESS REVENUES	143,532	145,942	150,442	-	-
3	TOLL REVENUES	191,101	170,996	154,640	328,761	254,301
4	MISCELLANEOUS REVENUES	68,972	59,895	52,356	35,848	42,766
5	UNCOLLECTIBLE REVENUES-DR	1,800	1,084	1,200	3,600	5,600
6	TOTAL OPERATING REVENUES	$ 770,375	$ 734,681	$ 711,453	$ 880,195	$ 729,635
7	ACCESS LINES IN SERVICE	1,118	1,100	1,087	1,069	1,040
	TELEPHONE OPERATING REVENUE RELATIONSHIPS					
	REVENUE PER AVERAGE ACCESS LINE*					
8	LOCAL REVENUE	$ 332.34	$ 328.24	$ 329.51	$ 492.35	$ 434.47
9	ACCESS REVENUE	129.42	133.46	139.56		
10	TOLL REVENUE	172.32	156.37	143.45	311.77	252.16

*YEAR END AVERAGE

LINE NO	ITEM	1987	1986	1985	1984	1983
	OPERATION AND MAINTENANCE EXPENSES					
11	MAINTENANCE EXPENSES	$ 106,249	$ 121,905	$ 112,836	$ 181,352	$ 162,647
12	DEPRECIATION & AMORTIZATION	100,239	105,172	102,457	108,978	93,910
13	TRAFFIC EXPENSES	15,468	18,370	17,696	19,480	16,894
14	COMMERCIAL EXPENSES	36,338	35,078	29,756	42,700	38,675
15	ACCESS EXPENSES	-	-	-	-	-
16	GENERAL OFFICE SALARIES & EXPENSES	182,524	182,808	178,283	165,013	141,315
17	OTHER OPERATING EXPENSES	93,326	95,922	115,784	107,096	99,820
18	TOTAL O & M EXPENSES	$ 534,144	$ 559,255	$ 556,812	$ 624,619	$ 553,261

PATTERSONVILLE TELEPHONE COMPANY
DISTRIBUTION OF TELEPHONE REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
REVENUES	$ 770,375	$ 734,681	$ 711,453	$ 880,195	$ 729,635	1
ACCESS LINES - AVERAGE*	1,109	1,094	1,078	1,055	1,009	2
DOLLAR AMOUNTS						
WAGES AND BENEFITS	$ 331,581	$ 326,368	$ 254,938	$ 246,783	$ 228,024	3
OTHER OPERATION AND MAINTENANCE EXPENSES	102,324	127,715	199,417	268,858	231,327	4
DEPRECIATION AND AMORTIZATION EXPENSES	100,239	105,172	102,457	108,978	93,910	5
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	6
INCOME TAXES - OPERATING	51,765	25,396	23,305	48,215	19,678	7
OTHER TAXES - OPERATING	84,647	79,095	76,012	87,931	76,928	8
INTEREST CHARGES **	13,649	16,001	17,109	17,924	19,223	9
PREFERRED DIVIDENDS**	764	1,698	2,505	2,497	2,618	10
EARNINGS AVAILABLE FOR COMMON EQUITY	85,406	53,236	35,710	99,009	57,927	11
TOTAL	$ 770,375	$ 734,681	$ 711,453	$ 880,195	$ 729,635	12
PERCENT OF REVENUES						
WAGES AND BENEFITS	43.0	44.4	35.8	28.0	31.3	13
OTHER OPERATION AND MAINTENANCE EXPENSES	16.7	17.4	28.0	30.5	31.7	14
DEPRECIATION AND AMORTIZATION EXPENSES	13.0	14.3	14.4	12.4	12.9	15
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	16
INCOME TAXES - OPERATING	6.7	3.5	3.3	5.5	2.7	17
OTHER TAXES - OPERATING	11.0	10.8	10.7	10.0	10.5	18
INTEREST CHARGES**	1.8	2.2	2.4	2.0	2.6	19
PREFERRED DIVIDENDS **	0.1	0.2	0.4	0.3	0.4	20
EARNINGS AVAILABLE FOR COMMON EQUITY	11.1	7.2	5.0	11.2	7.9	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
DOLLARS PER AVERAGE ACCESS LINE PER MONTH						
WAGES AND BENEFITS	$ 24.92	$ 24.87	$ 19.71	$ 19.50	$ 18.84	23
OTHER OPERATION AND MAINTENANCE EXPENSES	7.69	9.73	15.42	21.25	19.11	24
DEPRECIATION AND AMORTIZATION EXPENSES	7.53	8.01	7.92	8.61	7.76	25
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	26
INCOME TAXES - OPERATING	3.89	1.94	1.80	3.81	1.63	27
OTHER TAXES - OPERATING	6.36	6.03	5.88	6.95	6.36	28
						29
INTEREST CHARGES **	1.03	1.22	1.32	1.42	1.59	
PREFERRED DIVIDENDS **	0.06	0.13	0.19	0.20	0.22	30
EARNINGS AVAILABLE FOR COMMON EQUITY	6.42	4.06	2.76	7.82	4.79	31
TOTAL	$ 57.89	$ 55.99	$ 55.00	$ 69.56	$ 60.29	32

* YEAR END AVERAGE

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PORT BYRON TELEPHONE COMPANY
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF TELEPHONE PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO.	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	TELEPHONE PLANT	$ 4,578,299	$ 4,201,080	$ 4,034,391	$ 3,568,842	$ 3,406,636
2	ACCUM. PROV. FOR DEPR. & AMORT	2,025,230	1,785,732	1,599,919	1,275,039	1,115,131
3	NET TELEPHONE PLANT	2,553,069	2,415,348	2,434,472	2,293,803	2,291,505
4	INVESTMENTS IN AFFILIATED COMPANIES	-	-	-	-	-
5	ADVANCES TO AFFILIATED COMPANIES	-	-	-	-	-
6	MISCELLANEOUS PHYSICAL PROPERTY	-	-	-	-	-
7	OTHER INVESTMENTS AND FUNDS	21,474	14,300	-	-	-
8	TOTAL INVESTMENTS AND FUNDS	21,474	14,300	-	-	-
9	CASH AND WORKING FUNDS	252,643	187,748	76,353	81,730	47,135
10	SPECIAL CASH DEPOSITS	100	5,500	450	-	-
11	TEMPORARY CASH INVESTMENTS	-	-	-	-	-
12	NOTES & ACCT'S REC.-AFFILIATED CO'S	275	128	1,302	128,921	68,771
13	OTHER NOTES AND ACCOUNTS RECEIVABLE	141,199	170,998	371,365	82,864	41,355
14	DUE - CUST. & AGENTS LESS ACCUM PROV. - UNCOLLECTIBLE ACCTS	196,320	170,668	154,527	161,568	135,034
15	MATERIALS AND SUPPLIES	89,433	191,734	43,750	71,651	24,971
16	MERCH. AND MATERIAL HELD FOR SALE	-	-	-	-	-
17	PREPAYMENTS	68,456	74,701	66,738	59,843	56,115
18	OTHER CURRENT AND ACCRUED ASSETS	-	-	-	-	-
19	TOTAL CURRENT AND ACCRUED ASSETS	748,425	801,479	714,485	586,577	373,381
20	UNAMORTIZED DEBT DISCOUNT AND EXPENSE	7,599	7,929	8,259	8,589	8,919
21	EXTRAORDINARY MAINTENANCE & RETIREMENTS	9,393	11,889	17,472	19,968	22,464
22	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
23	OTHER DEFERRED DEBITS	-	-	-	-	-
24	TOTAL DEFERRED DEBITS	16,992	19,818	25,731	28,557	31,383
25	TOTAL ASSETS AND OTHER DEBITS	3,339,963	$ 3,250,948	$ 3,174,688	$ 2,908,937	$ 2,696,269
	TELEPHONE PLANT					
26	PLANT IN SERVICE	$ 4,386,205	$ 4,134,010	$ 3,980,639	$ 3,526,848	$ 3,369,384
27	PLANT UNDER CONSTRUCTION	192,094	42,020	28,702	16,944	12,202
28	PROPERTY HELD FOR FUTURE USE	-	-	-	-	-
29	PLANT ACQUISITION ADJUSTMENTS	-	25,050	25,050	25,050	25,050
30	PLANT ADJUSTMENTS	-	-	-	-	-
31	TOTAL TELEPHONE UTILITY PLANT	4,578,299	4,201,080	4,034,391	3,568,842	3,406,636
32	ACCUM. PROV. FOR DEPR. AND AMORT	2,025,230	1,785,732	1,599,919	1,275,039	1,115,131
33	NET TELEPHONE PLANT	2,553,069	2,415,348	2,434,472	2,293,803	2,291,505
	PLANT IN SERVICE					
34	BEGINNING OF YEAR	4,134,010	3,980,639	3,526,848	3,369,385	3,302,331
35	ADDITIONS	277,192	237,094	364,204	205,277	137,952
36	RETIREMENTS	24,998	83,723	45,771	47,814	26,575
37	TRANSFERS AND ADJUSTMENTS	-	-	135,358	-	44,324-
38	END OF YEAR	$ 4,386,205	$ 4,134,010	$ 3,980,639	$ 3,526,848	$ 3,369,384

PORT BYRON TELEPHONE COMPANY
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 61,515	$ 61,515	$ 61,515	$ 61,515	$ 61,515	1
PREFERRED CAPITAL STOCK	112,300	113,300	113,300	113,300	118,300	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	5,640	5,390	5,390	5,390	2,890	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	390,820	353,297	419,130	148,768	170,304	9
TOTAL PROPRIETARY CAPITAL	570,275	533,502	599,335	328,973	353,009	10
BONDS(LESS BONDS REACQUIRED)	2,381,121	2,096,105	1,912,469	1,951,954	1,987,102	11
ADVANCES FROM AFFILIATED COMPANIES	-	-	-	-	-	12
OTHER LONG-TERM DEBT	-	-	-	-	-	13
TOTAL LONG-TERM DEBT	2,381,121	2,096,105	1,912,469	1,951,954	1,987,102	14
NOTES & ACCTS PAY TO AFFILIATED CO'S	-	-	-	-	-	15
OTHER NOTES AND ACCOUNTS PAYABLE	140,069	442,709	567,614	537,624	183,205	16
CUSTOMERS' DEPOSITS	-	-	-	-	-	17
ADVANCE BILLING AND PAYMENTS	26,050	22,144	20,433	25,246	51,269	18
TAXES ACCRUED	3,879	3,669	6,280	3,346	11-	19
OTHER CURRENT AND ACCRUED LIABILITIES	25,692	28,529	35,302	32,820	91,318	20
TOTAL CURRENT AND ACCRUED LIABILITIES	195,691	497,054	629,629	599,036	325,781	21
UNAMORTIZED PREMIUM ON DEBT	-	-	-	-	-	22
ACCUM. DEFERRED INVESTMENT TAX CREDITS	16,621	21,434	1,092	1,487	1,882	23
OTHER DEFERRED CREDITS	-	-	-	-	-	24
TOTAL DEFERRED CREDITS	16,621	21,434	1,092	1,487	1,882	25
OPERATING RESERVES	89,522	23,473	32,163	27,487	24,765	26
ACCUM. DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION	86,732	79,379	-	-	3,731	27
ACCUM. DEFERRED INCOME TAXES - OTHER	-	-	-	-	-	28
TOTAL LIABILITIES AND OTHER CREDITS	$ 3,339,963	$ 3,250,948	$ 3,174,688	$ 2,908,937	$ 2,696,269	29
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS/CURRENT LIABILITIES	3.82	1.61	1.13	0.98	1.15	30
PERCENT OF CAPITALIZATION:						
LONG TERM DEBT	80.6	79.7	76.1	85.5	84.9	31
PREFERRED STOCK	3.8	4.3	4.5	4.9	5.0	32
COMMON STOCK & OTHER PAID-IN CAPITAL	2.2	2.5	2.6	2.9	2.7	33
RETAINED EARNINGS	13.2	13.4	16.6	6.5	7.2	34
LONG TERM DEBT % OF GROSS UTILITY PLANT	52.0	49.8	47.4	54.6	58.3	35
ACCUM. PROV. FOR DEPR & AMORT. %OF UTIL. PLT	44.2	42.5	39.6	35.7	32.7	36

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PORT BYRON TELEPHONE COMPANY
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL					
1	NET INCOME	$ 70,186	$ 3,718	$ 199,166	$ 8,006-	$ 26,862-
2	DEPRECIATION AND AMORTIZATION	250,442	239,520	210,692	183,059	195,190
3	DEFERRED INCOME TAXES (NET)	6,538	106,463	395-	4,126-	3,395-
4	INTEREST CAPITALIZED	-	-	-	-	-
5	OTHER (NET)	89,175	-	35,950	30,211	49,484
6	SUBTOTAL	416,341	349,701	445,413	201,138	214,417
7	EXTRAORDINARY ITEMS	23,705-	60,526-	80,222	4,330-	34,993-
8	TOTAL FUNDS - INTERNAL SOURCES	392,636	289,175	525,635	196,808	179,424
9	LESS DIVIDENDS PREFERRED	7,861	7,931	7,931	8,106	8,502
	COMMON	1,098	1,094	1,094	1,094	1,094
11	NET FUNDS - INTERNAL SOURCES	383,677	280,150	516,610	187,608	169,828
	EXTERNAL					
12	LONG TERM DEBT	329,400	225,070	-	-	8,000
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	-	-	55,000	115,000	55,000
17	OTHER (NET)	250	-	-	-	-
18	TOTAL FUNDS - EXTERNAL SOURCES	329,650	225,070	55,000	115,000	63,000
	OTHER SOURCES					
19	NET DECREASE IN WORKING CAPITAL	-	-	-	-	-
20	OTHER	-	35,374	-	-	-
21	TOTAL FUNDS PROVIDED	$ 713,327	$ 540,594	$ 571,610	$ 302,608	$ 232,828
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
22	TELEPHONE PLANT	$ 402,217	$ 250,163	$ 375,964	$ 210,019	$ 86,483
23	NON-UTILITY PLANT	-	-	-	-	-
24	OTHER	-	-	-	-	-
25	TOTAL CONSTRUCTION	402,217	250,163	375,964	210,019	86,483
26	LESS INTEREST CAPITALIZED	-	-	-	-	-
27	TOTAL EXCLUDING INTEREST CAPITALIZED	402,217	250,163	375,964	210,019	86,483
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	44,384	41,434	39,485	35,148	31,269
29	PREFERRED STOCK	-	-	-	2,500	2,310
30	REDEMPTION OF CAPITAL STOCK	1,000	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	115,000	210,000	-	-	-
32	OTHER (NET)	3,998	-	-	-	-
33	TOTAL RETIREMENT OF SECURITIES	164,382	251,434	39,485	37,648	33,579
	OTHER USES					
34	NET INCREASE IN WORKING CAPITAL	139,554	-	145,420	51,213	54,488
35	OTHER	7,174	38,997	10,741	3,728	58,278
36	TOTAL FUNDS APPLIED	$ 713,327	$ 540,594	$ 571,610	$ 302,608	$ 232,828

PORT BYRON TELEPHONE COMPANY
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
TELEPHONE OPERATING INCOME						
OPERATING REVENUES	$ 1,578,240 $	1,580,821 $	1,586,603 $	1,267,283 $	1,135,137	1
OPERATION AND MAINTENANCE EXPENSE	928,015	889,144	855,874	803,634	716,555	2
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	3
DEPRECIATION	247,616	232,489	207,866	191,539	180,340	4
AMORTIZATION	-	-	-	-	-	5
TAXES OTHER THAN INCOME TAXES-OPERATING	204,870	206,955	204,073	183,320	167,724	6
INCOME TAXES-OPERATING	4,640-	70,619	395-	395-	395-	7
OPERATING INCOME TAXES DEFERRED	7,180	47,174	-	-	-	8
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	-	10,523-	-	3,731-	3,000-	9
TOTAL OPERATING EXPENSES	1,383,041	1,435,858	1,267,418	1,174,367	1,061,224	10
TOTAL TELEPHONE OPERATING INCOME	195,199	144,963	319,185	92,916	73,913	11
OTHER INCOME						
DIVIDEND INCOME	2,174	-	-	-	-	12
INTEREST INCOME	2,744	199	33	95	30	13
ALLOWANCE FOR CONSTRUCTION FUNDS	-	-	-	-	-	14
INCOME FROM SINKING AND OTHER FUNDS	-	-	-	-	-	15
INCOME FROM MISC. PHYSICAL PROPERTY	-	-	-	-	-	16
MISCELLANEOUS INCOME	5,566	17,993	13,668	25,523	14,373	17
TOTAL OTHER INCOME	10,484	18,193	13,701	25,618	14,403	18
TOTAL INCOME	205,683	163,156	332,886	118,534	88,316	19
INCOME DEDUCTIONS						
TAXES OTHER THAN INC. TAXES-NONOPERATING	-	-	-	-	-	20
INCOME TAXES-NONOPERATING	-	-	-	-	-	21
MISCELLANEOUS INCOME CHARGES	1,117	1,557	1,407	1,341	2,067	22
TOTAL INCOME DEDUCTIONS	1,117	1,557	1,407	1,341	2,067	23
INCOME BEFORE INTEREST CHARGES	204,566	161,599	331,479	117,193	86,249	24
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	132,686	94,631	96,380	98,496	99,860	25
AMORT. OF DEBT DISCOUNT AND EXPENSE	330	330	330	330	330	26
AMORT. OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	27
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	28
OTHER INTEREST EXPENSE	1,364	62,918	35,604	26,373	12,921	29
TOTAL INTEREST CHARGES	134,381	157,880	132,314	125,199	113,111	30
INCOME BEFORE EXTRAORDINARY/DELAYED ITEMS	70,185	3,718	199,165	8,006-	26,862-	31
EXTRAORDINARY & DELAYED ITEMS - NET LESS TAX EFFECT	23,704-	60,527-	80,222	4,330-	34,993-	32
NET INCOME	$ 46,480 $	56,807-$	279,387 $	12,336-$	61,855-	33
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 353,297 $	419,130 $	148,768 $	170,304 $	241,755	34
TRANSFERRED FROM INCOME	46,480	56,807-	279,387	12,336-	61,855-	35
MISCELLANEOUS CREDITS	-	-	-	-	-	36
MISCELLANEOUS DEBITS	-	-	-	-	-	37
APPROPRIATIONS	-	-	-	-	-	38
DIVIDENDS DECLARED-PREFERRED STOCK	7,861	7,931	7,931	8,106	8,502	39
-COMMON STOCK	1,097	1,093	1,094	1,094	1,094	40
BALANCE END OF YEAR	390,820	353,297	419,130	148,768	170,304	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 390,820 $	353,297 $	419,130 $	148,768 $	170,304	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME-PERCENT OF OPERATING REVENUES	2.9	3.4-	17.6	0.8-	5.3-	44
PRETAX COVERAGE OF INTEREST CHARGES	1.5	1.7	2.5	0.9	0.7	45
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	2.8	1.5-	0.4	5.2-	1.4-	46
RETURN ON COMMON EQUITY	8.7	14.1-	77.3	8.9-	26.1-	47

PORT BYRON TELEPHONE COMPANY
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM		1987	1986	1985	1984	1983
	TELEPHONE OPERATING REVENUES						
1	LOCAL REVENUES	$	708,136 $	715,758 $	683,498 $	484,603 $	471,915
2	ACCESS REVENUES		280,838	393,143	260,741	-	-
3	TOLL REVENUES		480,155	382,600	553,290	743,416	647,743
4	MISCELLANEOUS REVENUES		118,740	100,760	97,202	43,625	42,710
5	UNCOLLECTIBLE REVENUES-DR		9,628	11,441	8,129	4,361	27,231
6	TOTAL OPERATING REVENUES	$	1,578,240 $	1,580,821 $	1,586,602 $	1,267,283 $	1,135,137
7	ACCESS LINES IN SERVICE		2,665	2,620	2,522	2,501	2,411
	TELEPHONE OPERATING REVENUE RELATIONSHIPS						
	REVENUE PER AVERAGE ACCESS LINE*						
8	LOCAL REVENUE		$ 267.98	$ 278.40	$ 272.15	$ 197.31	$ 196.88
9	ACCESS REVENUE		106.28	152.91	103.82		
10	TOLL REVENUE		181.70	148.81	220.30	302.69	270.23

*YEAR END AVERAGE

LINE NO	ITEM		1987	1986	1985	1984	1983
	OPERATION AND MAINTENANCE EXPENSES						
11	MAINTENANCE EXPENSES	$	181,472 $	228,184 $	187,402 $	182,483 $	158,858
12	DEPRECIATION & AMORTIZATION		247,616	232,489	207,866	191,539	180,340
13	TRAFFIC EXPENSES		55,168	58,203	54,894	61,785	11,811
14	COMMERCIAL EXPENSES		95,121	94,263	73,630	66,359	74,001
15	ACCESS EXPENSES		-	-	-	-	-
16	GENERAL OFFICE SALARIES & EXPENSES		314,389	308,241	276,338	267,712	237,362
17	OTHER OPERATING EXPENSES		281,863	200,250	263,610	225,295	234,523
18	TOTAL O & M EXPENSES	$	1,175,631 $	1,121,633 $	1,063,740 $	995,173 $	896,895

PORT BYRON TELEPHONE COMPANY
DISTRIBUTION OF TELEPHONE REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM		1987		1986		1985		1984		1983	LINE NO
REVENUES	$	1,578,240	$	1,580,821	$	1,586,603	$	1,267,283	$	1,135,137	1
ACCESS LINES - AVERAGE*		2,643		2,571		2,512		2,456		2,397	2
DOLLAR AMOUNTS											
WAGES AND BENEFITS	$	553,103	$	433,552	$	425,159	$	375,637	$	338,989	3
OTHER OPERATION AND MAINTENANCE EXPENSES		374,912		455,592		430,715		427,997		377,566	4
DEPRECIATION AND AMORTIZATION EXPENSES		247,616		232,489		207,866		191,539		180,340	5
EXTRAORDINARY RETIREMENTS		-		-		-		-		-	6
INCOME TAXES - OPERATING		2,540		107,270		395-		4,126-		3,395-	7
OTHER TAXES - OPERATING		204,870		206,955		204,073		183,320		167,724	8
INTEREST CHARGES **		134,381		157,880		132,314		125,199		113,111	9
PREFERRED DIVIDENDS**		7,861		7,931		7,931		8,106		8,502	10
EARNINGS AVAILABLE FOR COMMON EQUITY		52,957		20,848-		178,940		40,389-		47,700-	11
TOTAL	$	1,578,240	$	1,580,821	$	1,586,603	$	1,267,283	$	1,135,137	12
PERCENT OF REVENUES											
WAGES AND BENEFITS		35.0		27.4		26.8		29.6		29.9	13
OTHER OPERATION AND MAINTENANCE EXPENSES		23.8		28.8		27.1		33.8		33.3	14
DEPRECIATION AND AMORTIZATION EXPENSES		15.7		14.7		13.1		15.1		15.9	15
EXTRAORDINARY RETIREMENTS		-		-		-		-		-	16
INCOME TAXES - OPERATING		0.2		6.8		-		0.2-		0.2-	17
OTHER TAXES - OPERATING		13.0		13.1		12.9		14.5		14.8	18
INTEREST CHARGES**		8.5		10.0		8.3		9.9		10.0	19
PREFERRED DIVIDENDS **		0.5		0.5		0.5		0.6		0.7	20
EARNINGS AVAILABLE FOR COMMON EQUITY		3.4		1.2-		11.3		3.1-		4.1-	21
TOTAL		100.0		100.0		100.0		100.0		100.0	22
DOLLARS PER AVERAGE ACCESS LINE PER MONTH											
WAGES AND BENEFITS		$ 17.44		$ 14.05		$ 14.11		$ 12.75		$ 11.79	23
OTHER OPERATION AND MAINTENANCE EXPENSES		11.82		14.77		14.29		14.52		13.13	24
DEPRECIATION AND AMORTIZATION EXPENSES		7.81		7.54		6.90		6.50		6.27	25
EXTRAORDINARY RETIREMENTS		-		-		-		-		-	26
INCOME TAXES - OPERATING		0.08		3.48		-		0.13-		0.11-	27
OTHER TAXES - OPERATING		6.46		6.71		6.77		6.22		5.83	28
											29
INTEREST CHARGES **		4.24		5.12		4.39		4.25		3.93	
PREFERRED DIVIDENDS **		0.25		0.26		0.26		0.28		0.30	30
EARNINGS AVAILABLE FOR COMMON EQUITY		1.67		0.67-		5.94		1.36-		1.65-	31
TOTAL		$ 49.77		$ 51.24		$ 52.64		$ 43.00		$ 39.46	32

* YEAR END AVERAGE

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ROCHESTER TELEPHONE CORPORATION
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF TELEPHONE PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	TELEPHONE PLANT	$ 636,925,232	$ 629,832,049	$ 614,287,198	$ 564,800,288	$ 539,727,346
2	ACCUM PROV FOR DEPR & AMORT	183,627,288	192,875,468	204,129,053	191,732,627	173,109,631
3	NET TELEPHONE PLANT	453,297,944	436,956,581	410,158,145	373,067,661	366,617,715
4	INVESTMENTS IN AFFILIATED COMPANIES	89,876,844	64,772,069	49,597,474	41,094,084	33,036,179
5	ADVANCES TO AFFILIATED COMPANIES	15,170,017	6,505,517	2,350,000	1,600,000	2,175,000
6	MISCELLANEOUS PHYSICAL PROPERTY	22,718,880	2,379,906	1,409,804	455,252	358,852
7	OTHER INVESTMENTS AND FUNDS	262,324	59,759-	349,597-	1,000	269,553
8	TOTAL INVESTMENTS AND FUNDS	128,028,065	73,597,733	53,007,681	43,150,336	35,839,584
9	CASH AND WORKING FUNDS	1,951,234	1,763,715	918,824	967,216	986,266
10	SPECIAL CASH DEPOSITS	56,896	90,647	46,007	28,688	96,206
11	TEMPORARY CASH INVESTMENTS	16,413,087	1,196,083	7,547,887	24,701,018	13,549,938
12	NOTES & ACCT'S REC -AFFILIATED CO'S	3,788,320	2,441,788	1,850,062	1,002,793	1,053,276
13	OTHER NOTES AND ACCOUNTS RECEIVABLE	10,768,648	10,351,764	8,529,631	9,101,917	2,861,403
14	DUE - CUST & AGENTS LESS ACCUM PROV - UNCOLLECTIBLE ACCTS	28,506,905	28,105,470	26,847,601	23,156,446	24,757,378
15	MATERIALS AND SUPPLIES	2,918,611	5,105,294	4,051,091	2,961,269	2,899,890
16	MERCH AND MATERIAL HELD FOR SALE	1,660,398	1,068,587	815,373	508,047	373,639
17	PREPAYMENTS	11,407,472	10,844,225	10,485,568	9,431,905	9,149,792
18	OTHER CURRENT AND ACCRUED ASSETS	-	-	22,624	82,729	34,774
19	TOTAL CURRENT AND ACCRUED ASSETS	77,471,571	60,967,573	61,114,668	71,942,028	55,762,562
20	UNAMORTIZED DEBT DISCOUNT AND EXPENSE	1,408,526	866,181	928,296	986,798	1,048,811
21	EXTRAORDINARY MAINTENANCE & RETIREMENTS	-	-	-	-	-
22	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
23	OTHER DEFERRED DEBITS	7,920,263	6,395,798	6,241,987	4,905,425	4,251,681
24	TOTAL DEFERRED DEBITS	9,328,789	7,261,979	7,170,283	5,892,223	5,300,492
25	TOTAL ASSETS AND OTHER DEBITS	668,126,369	$ 578,783,866	$ 531,450,777	$ 494,052,248	$ 463,520,353
	TELEPHONE PLANT					
26	PLANT IN SERVICE	$ 615,743,086	$ 606,501,403	$ 588,179,381	$ 546,474,015	$ 530,991,677
27	PLANT UNDER CONSTRUCTION	21,182,146	23,330,646	26,107,817	18,326,273	8,735,669
28	PROPERTY HELD FOR FUTURE USE	-	-	-	-	-
29	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
30	PLANT ADJUSTMENTS	-	-	-	-	-
31	TOTAL TELEPHONE UTILITY PLANT	636,925,232	629,832,049	614,287,198	564,800,288	539,727,346
32	ACCUM PROV FOR DEPR AND AMORT	183,627,288	192,875,468	204,129,053	191,732,627	173,109,631
33	NET TELEPHONE PLANT	453,297,944	436,956,581	410,158,145	373,067,661	366,617,715
	PLANT IN SERVICE					
34	BEGINNING OF YEAR	606,501,403	588,179,381	546,474,016	530,991,677	510,756,316
35	ADDITIONS	64,447,512	70,977,652	72,338,462	33,515,491	35,740,391
36	RETIREMENTS	34,921,201	52,655,630	29,730,893	18,033,153	15,505,030
37	TRANSFERS AND ADJUSTMENTS	20,284,628-	-	902,204-	-	-
38	END OF YEAR	$ 615,743,086	$ 606,501,403	$ 588,179,381	$ 546,474,015	$ 530,991,677

ROCHESTER TELEPHONE CORPORATION
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 27,330,773	$ 25,716,140	$ 25,517,043	$ 25,508,038	$ 25,461,648	1
PREFERRED CAPITAL STOCK	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	70,811,929	58,801,793	57,624,565	57,550,811	57,170,485	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	29,048-	33,296-	37,544-	41,792-	-	8
RETAINED EARNINGS	212,561,948	201,698,818	179,535,383	162,834,852	151,087,594	9
TOTAL PROPRIETARY CAPITAL	330,675,602	306,183,455	282,639,447	265,851,909	253,719,727	10
BONDS(LESS BONDS REACQUIRED)	188,967,000	130,045,000	130,280,000	130,493,000	131,015,000	11
ADVANCES FROM AFFILIATED COMPANIES	-	-	-	-	-	12
OTHER LONG-TERM DEBT	-	-	-	-	-	13
TOTAL LONG-TERM DEBT	188,967,000	130,045,000	130,280,000	130,493,000	131,015,000	14
NOTES & ACCTS PAY TO AFFILIATED CO'S	6,230,618	5,775,165	9,452,335	9,906,519	658,125	15
OTHER NOTES AND ACCOUNTS PAYABLE	30,757,811	46,791,516	30,476,839	24,477,662	16,346,919	16
CUSTOMERS' DEPOSITS	920,267	1,050,698	1,211,537	1,425,475	1,844,383	17
ADVANCE BILLING AND PAYMENTS	7,147,481	9,197,276	8,781,932	8,298,409	7,832,305	18
TAXES ACCRUED	7,843,870	10,302,930	10,817,914	9,100,398	10,856,983	19
OTHER CURRENT AND ACCRUED LIABILITIES	12,858,606	10,645,045	11,056,409	10,369,217	11,716,286	20
TOTAL CURRENT AND ACCRUED LIABILITIES	65,758,653	83,762,630	71,796,966	63,577,680	49,255,001	21
UNAMORTIZED PREMIUM ON DEBT	-	602	1,691	2,852	4,040	22
ACCUM. DEFERRED INVESTMENT TAX CREDITS	18,219,200	20,281,100	18,163,900	14,092,100	11,702,800	23
OTHER DEFERRED CREDITS	22,498,353	3,456,177	2,052,847	1,203,924	1,159,622	24
TOTAL DEFERRED CREDITS	40,717,553	23,737,879	20,218,438	15,298,876	12,866,462	25
OPERATING RESERVES	644,188-	496,275-	339,357	61,707	31,122	26
ACCUM. DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION	44,233,613	35,090,413	25,426,413	18,057,813	15,753,813	27
ACCUM. DEFERRED INCOME TAXES - OTHER	1,135,236	460,764	750,156	711,263	879,228	28
TOTAL LIABILITIES AND OTHER CREDITS	$ 670,843,469	$ 578,783,866	$ 531,450,777	$ 494,052,248	$ 463,520,353	29
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS/CURRENT LIABILITIES	1.18	0.73	0.85	1.13	1.13	30
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	36.3	29.8	31.5	32.9	34.0	31
PREFERRED STOCK	3.8	4.5	4.8	5.0	5.1	32
COMMON STOCK & OTHER PAID-IN CAPITAL	18.8	19.3	20.1	20.9	21.4	33
RETAINED EARNINGS	40.9	46.2	43.4	41.0	39.2	34
LONG TERM DEBT % OF GROSS UTILITY PLANT	29.6	20.6	21.2	23.1	24.2	35
ACCUM. PROV. FOR DEPR & AMORT. %OF UTIL. PLT	28.8	30.6	33.2	33.9	32.0	36

ROCHESTER TELEPHONE CORPORATION
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL					
1	NET INCOME	$ 40,832,501	$ 49,396,446	$ 42,902,408	$ 36,424,388	$ 32,598,109
2	DEPRECIATION AND AMORTIZATION	41,605,126	40,004,614	39,573,555	33,941,418	29,776,543
3	DEFERRED INCOME TAXES (NET)	8,379,568	11,683,971	11,635,316	4,467,207	7,945,188
4	INTEREST CAPITALIZED	1,617,667-	1,989,854-	1,606,607-	388,846-	301,110-
5	OTHER (NET)	-	-	-	-	-
6	SUBTOTAL	89,199,528	99,095,177	92,504,672	74,444,167	70,018,730
7	EXTRAORDINARY ITEMS	49,038	174,305	26,072	3,454	35,709-
8	TOTAL FUNDS - INTERNAL SOURCES	89,248,566	99,269,482	92,530,744	74,447,621	69,983,021
9	LESS DIVIDENDS PREFERRED	1,012,500	1,012,500	1,012,500	1,01, 500	1,012,500
	COMMON	29,001,661	26,390,568	25,209,290	23,670,299	22,296,844
11	NET FUNDS - INTERNAL SOURCES	59,234,405	71,866,414	66,308,954	49,764,822	46,673,677
	EXTERNAL					
12	LONG TERM DEBT	70,015,000	-	-	-	-
13	PREFERRED STOCK	-	-	-	46,390	-
14	COMMON STOCK	1,614,633	199,097	9,005	-	84,280
15	NET INCREASE IN SHORT TERM DEBT	-	-	-	-	-
17	OTHER (NET)	-	-	-	-	-
18	TOTAL FUNDS - EXTERNAL SOURCES	71,629,633	199,097	9,005	46,390	84,280
	OTHER SOURCES					
19	NET DECREASE IN WORKING CAPITAL	-	12,471,416	20,100,309	-	-
20	OTHER	32,324,979	9,696,320	5,187,580	2,273,794	6,210,283
21	TOTAL FUNDS PROVIDED	$ 163,189,017	$ 94,233,247	$ 91,605,848	$ 52,085,006	$ 52,968,240
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
22	TELEPHONE PLANT	$ 57,226,153	$ 70,676,247	$ 79,039,592	$ 40,213,744	$ 33,004,394
23	NON-UTILITY PLANT	-	-	-	-	-
24	OTHER	-	-	-	-	-
25	TOTAL CONSTRUCTION	57,226,153	70,676,247	79,039,592	40,213,744	33,004,394
26	LESS INTEREST CAPITALIZED	1,617,667	1,989,854	1,606,607	388,846	301,110
27	TOTAL EXCLUDING INTEREST CAPITALIZED	55,608,486	68,686,393	77,432,985	39,824,898	32,703,284
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	13,810,100	235,000	213,000	522,000	1,133,000
29	PREFERRED STOCK	-	-	-	-	-
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	-	-	-	-
32	OTHER (NET)	-	-	-	-	-
33	TOTAL RETIREMENT OF SECURITIES	13,810,100	235,000	213,000	522,000	1,133,000
	OTHER USES					
34	NET INCREASE IN WORKING CAPITAL	33,944,728	-	-	1,574,674	15,697,706
35	OTHER	59,825,703	25,311,854	13,959,863	10,163,434	3,434,250
36	TOTAL FUNDS APPLIED	$ 163,189,017	$ 94,233,247	$ 91,605,848	$ 52,085,006	$ 52,968,240

ROCHESTER TELEPHONE CORPORATION
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
TELEPHONE OPERATING INCOME						
OPERATING REVENUES	$ 240,640,227	$ 241,130,366	$ 238,282,359	$ 228,053,641	$ 213,330,532	1
OPERATION AND MAINTENANCE EXPENSE	102,236,323	97,095,757	90,689,065	90,589,382	87,097,420	2
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	3
DEPRECIATION	41,517,286	39,917,187	39,491,996	33,900,144	29,745,055	4
AMORTIZATION	-	-	-	-	-	5
TAXES OTHER THAN INCOME TAXES-OPERATING	24,814,710	24,024,606	26,456,150	29,601,063	28,337,061	6
INCOME TAXES-OPERATING	18,094,297	26,786,996	30,259,188	31,810,968	22,844,480	7
OPERATING INCOME TAXES DEFERRED	11,283,000	10,124,105	8,382,895	3,065,000	6,033,000	8
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	1,171,328-	961,197-	1,086,452-	938,965-	257,718	9
TOTAL OPERATING EXPENSES	196,774,288	196,987,454	194,192,842	188,027,592	174,314,734	10
TOTAL TELEPHONE OPERATING INCOME	43,865,939	44,142,912	44,089,517	40,026,049	39,015,798	11
OTHER INCOME						
DIVIDEND INCOME	4,648,630	10,379,983	2,874,710	2,106,258	1,615,753	12
INTEREST INCOME	738,372	122,912	965,598	2,489,269	899,351	13
ALLOWANCE FOR CONSTRUCTION FUNDS	1,617,668	1,989,852	1,606,607	388,846	301,110	14
INCOME FROM SINKING AND OTHER FUNDS	-	-	-	-	-	15
INCOME FROM MISC. PHYSICAL PROPERTY	2,976,849	568,623	729,064	67,737	18-	16
MISCELLANEOUS INCOME	2,142,443	4,410,490	4,037,574	3,274,776	1,363,371	17
TOTAL OTHER INCOME	12,123,962	17,471,860	10,213,553	8,326,886	4,179,567	18
TOTAL INCOME	55,989,901	61,614,772	54,303,070	48,352,935	43,195,365	19
INCOME DEDUCTIONS						
TAXES OTHER THAN INC. TAXES-NONOPERATING	403,040	432,500	426,797	323,300	188,300	20
INCOME TAXES-NONOPERATING	442,795	489,082	647,692	825,553	225,714-	21
MISCELLANEOUS INCOME CHARGES	1,991,496	1,313,801	1,314,065	1,457,845	1,296,719	22
TOTAL INCOME DEDUCTIONS	2,837,331	2,235,383	2,388,554	2,606,698	1,259,305	23
INCOME BEFORE INTEREST CHARGES	53,152,570	59,379,389	51,914,516	45,746,237	41,936,060	24
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	11,543,548	8,747,493	8,761,087	8,769,078	8,804,628	25
AMORT. OF DEBT DISCOUNT AND EXPENSE	146,528	59,832	59,892	59,951	60,231	26
AMORT. OF PREMIUM ON DEBT-CREDIT	602-	1,058-	1,118-	1,136-	1,153-	27
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	28
OTHER INTEREST EXPENSE	630,595	1,176,677	192,247	493,955	474,245	29
TOTAL INTEREST CHARGES	12,320,069	9,982,944	9,012,108	9,321,848	9,337,951	30
INCOME BEFORE EXTRAORDINARY/DELAYED ITEMS	40,832,501	49,396,445	42,902,408	36,424,389	32,598,109	31
EXTRAORDINARY & DELAYED ITEMS - NET LESS TAX EFFECT	49,034	174,306	26,072	3,454	35,709-	32
NET INCOME	$ 40,881,535	$ 49,570,751	$ 42,928,480	$ 36,427,843	$ 32,562,400	33
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 201,698,818	$ 179,535,383	$ 162,834,852	$ 151,087,594	$ 141,834,538	34
TRANSFERRED FROM INCOME	40,881,539	49,570,752	42,928,480	36,427,843	32,562,400	35
MISCELLANEOUS CREDITS	-	-	-	2,922	-	36
MISCELLANEOUS DEBITS	4,248	4,248	6,159	708	-	37
APPROPRIATIONS	-	-	-	-	-	38
DIVIDENDS DECLARED-PREFERRED STOCK	1,012,500	1,012,500	1,012,500	1,012,500	1,012,500	39
-COMMON STOCK	29,001,661	26,390,569	25,209,290	23,670,299	22,296,844	40
BALANCE END OF YEAR	212,561,948	201,698,818	179,535,383	162,834,852	151,087,594	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 212,561,948	$ 201,698,818	$ 179,535,383	$ 162,834,852	$ 151,087,594	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME-PERCENT OF OPERATING REVENUES	16.9	20.5	18.0	15.9	15.2	44
PRETAX COVERAGE OF INTEREST CHARGES	6.5	9.4	9.8	8.5	7.5	45
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	72.7	54.3	60.1	66.8	70.6	46
RETURN ON COMMON EQUITY	13.3	17.6	16.4	14.7	13.7	47

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ROCHESTER TELEPHONE CORPORATION
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	TELEPHONE OPERATING REVENUES					
1	LOCAL REVENUES	$ 112,630,340	$ 119,788,772	$ 116,215,898	$ 118,138,429	$ 115,303,432
2	ACCESS REVENUES	79,617,496	76,908,663	77,639,535	-	-
3	TOLL REVENUES	20,475,990	17,914,293	17,145,977	92,549,564	82,455,250
4	MISCELLANEOUS REVENUES	29,354,236	27,634,389	28,198,211	18,358,848	16,339,850
5	UNCOLLECTIBLE REVENUES-DR	1,437,835	1,115,751	917,262	993,200	768,000
6	TOTAL OPERATING REVENUES	$ 240,640,227	$ 241,130,366	$ 238,282,359	$ 228,053,641	$ 213,330,532
7	ACCESS LINES IN SERVICE	419,147	414,621	410,452	403,261	391,104
	TELEPHONE OPERATING REVENUE RELATIONSHIPS					
	REVENUE PER AVERAGE ACCESS LINE*					
8	LOCAL REVENUE	$ 270.17	$ 290.37	$ 285.64	$ 297.44	$ 297.26
9	ACCESS REVENUE	190.98	186.43	190.83		
10	TOLL REVENUE	49.12	43.42	42.14	233.02	212.58

*YEAR END AVERAGE

LINE NO	ITEM	1987	1986	1985	1984	1983
	OPERATION AND MAINTENANCE EXPENSES					
11	MAINTENANCE EXPENSES	$ 39,258,858	$ 40,758,858	$ 38,281,913	$ 38,150,717	$ 37,300,754
12	DEPRECIATION & AMORTIZATION	41,517,286	39,917,187	39,491,996	33,900,144	29,745,055
13	TRAFFIC EXPENSES	9,661,653	9,564,471	9,390,017	9,067,804	8,804,491
14	COMMERCIAL EXPENSES	20,805,794	19,571,674	17,206,294	16,246,197	14,907,468
15	ACCESS EXPENSES	-	-	-	-	-
16	GENERAL OFFICE SALARIES & EXPENSES	17,298,722	13,190,995	12,368,803	12,874,243	12,290,264
17	OTHER OPERATING EXPENSES	15,211,296	14,009,759	13,442,038	14,250,421	13,794,443
18	TOTAL O & M EXPENSES	$ 143,753,609	$ 137,012,944	$ 130,181,061	$ 124,489,526	$ 116,842,475

ROCHESTER TELEPHONE CORPORATION
DISTRIBUTION OF TELEPHONE REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
REVENUES	$ 240,640,227	$ 241,130,366	$ 238,282,359	$ 228,053,641	$ 213,330,532	1
ACCESS LINES - AVERAGE*	416,884	412,537	406,857	397,183	387,884	2
			DOLLAR AMOUNTS			
WAGES AND BENEFITS	$ 72,097,140	$ 69,432,647	$ 67,000,609	$ 56,088,529	$ 65,600,014	3
OTHER OPERATION AND MAINTENANCE EXPENSES	30,139,183	27,663,110	23,688,456	24,500,853	21,497,406	4
DEPRECIATION AND AMORTIZATION EXPENSES	41,517,286	39,917,187	39,491,996	33,900,144	29,745,055	5
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	6
INCOME TAXES - OPERATING	28,205,969	35,949,904	37,555,631	33,937,003	29,135,198	7
OTHER TAXES - OPERATING	24,814,710	24,024,606	26,456,150	29,601,063	28,337,061	8
INTEREST CHARGES **	11,899,251	9,290,476	8,628,129	9,228,525	9,269,033	9
PREFERRED DIVIDENDS**	982,858	986,000	983,157	1,004,225	1,003,138	10
EARNINGS AVAILABLE FOR COMMON EQUITY	30,983,830	33,866,436	34,478,231	29,793,299	28,743,627	11
TOTAL	$ 240,640,227	$ 241,130,366	$ 238,282,359	$ 228,053,641	$ 213,330,532	12
			PERCENT OF REVENUES			
WAGES AND BENEFITS	30.0	28.8	28.1	29.0	30.8	13
OTHER OPERATION AND MAINTENANCE EXPENSES	12.5	11.5	9.9	10.7	10.1	14
DEPRECIATION AND AMORTIZATION EXPENSES	17.3	16.6	16.6	14.9	13.9	15
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	16
INCOME TAXES - OPERATING	11.7	14.9	15.8	14.9	13.7	17
OTHER TAXES - OPERATING	10.3	10.0	11.1	13.0	13.3	18
INTEREST CHARGES**	4.9	3.9	3.6	4.0	4.3	19
PREFERRED DIVIDENDS **	0.4	0.4	0.4	0.4	0.5	20
EARNINGS AVAILABLE FOR COMMON EQUITY	12.9	14.0	14.5	13.1	13.5	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
			DOLLARS PER AVERAGE ACCESS LINE PER MONTH			
WAGES AND BENEFITS	$ 14.41	$ 14.03	$ 13.72	$ 13.87	$ 14.09	23
OTHER OPERATION AND MAINTENANCE EXPENSES	6.02	5.59	4.85	5.14	4.62	24
DEPRECIATION AND AMORTIZATION EXPENSES	8.30	8.06	8.09	7.11	6.39	25
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	26
INCOME TAXES - OPERATING	5.64	7.26	7.69	7.12	6.26	27
OTHER TAXES - OPERATING	4.96	4.85	5.42	6.21	6.09	28
						29
INTEREST CHARGES **	2.38	1.88	1.77	1.94	1.99	
PREFERRED DIVIDENDS **	0.20	0.20	0.20	0.21	0.22	30
EARNINGS AVAILABLE FOR COMMON EQUITY	6.19	6.84	7.06	6.25	6.18	31
TOTAL	$ 48.10	$ 48.71	$ 48.81	$ 47.85	$ 45.83	32

* YEAR END AVERAGE

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SENECA-GORHAM TELEPHONE CORPORATION
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF TELEPHONE PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	TELEPHONE PLANT	$ 10,170,469	$ 11,781,357	$ 9,887,643	$ 8,955,534	$ 7,961,122
2	ACCUM PROV FOR DEPR & AMORT	1,771,491	3,259,207	2,788,346	2,646,324	2,634,824
3	NET TELEPHONE PLANT	8,398,978	8,522,150	7,099,297	6,309,210	5,326,298
4	INVESTMENTS IN AFFILIATED COMPANIES	-	-	-	-	-
5	ADVANCES TO AFFILIATED COMPANIES	-	-	-	-	-
6	MISCELLANEOUS PHYSICAL PROPERTY	316,746	229,018	134,367	98,974	67,174
7	OTHER INVESTMENTS AND FUNDS	154,000	145,000	133,000	128,000	128,000
8	TOTAL INVESTMENTS AND FUNDS	470,746	374,018	267,367	226,974	195,174
9	CASH AND WORKING FUNDS	279,614	399,996	286,542	110,091	122,020
10	SPECIAL CASH DEPOSITS	-	-	250	-	-
11	TEMPORARY CASH INVESTMENTS	-	-	-	318,239	595,636
12	NOTES & ACCT'S REC -AFFILIATED CO'S	-	-	-	-	-
13	OTHER NOTES AND ACCOUNTS RECEIVABLE	252,384	117,324	118,125	98,885	11,006
14	DUE - CUST & AGENTS LESS ACCUM PROV - UNCOLLECTIBLE ACCTS	243,288	159,813	139,949	137,961	236,352
15	MATERIALS AND SUPPLIES	260,874	227,835	241,947	227,437	256,876
16	MERCH AND MATERIAL HELD FOR SALE	331,878	225,907	107,582	66,859	88,161
17	PREPAYMENTS	68,373	79,873	69,034	64,845	57,831
18	OTHER CURRENT AND ACCRUED ASSETS	209,173	131,834	105,385	87,355	83,980
19	TOTAL CURRENT AND ACCRUED ASSETS	1,645,584	1,342,582	1,068,814	1,111,672	1,451,862
20	UNAMORTIZED DEBT DISCOUNT AND EXPENSE	35,976	37,834	39,693	41,551	43,519
21	EXTRAORDINARY MAINTENANCE & RETIREMENTS	-	-	-	-	-
22	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
23	OTHER DEFERRED DEBITS	38,860	21,101-	19,967	19,303-	65,194
24	TOTAL DEFERRED DEBITS	74,836	16,733	59,660	22,248	108,713
25	TOTAL ASSETS AND OTHER DEBITS	10,590,144	$ 10,255,483	$ 8,495,138	$ 7,670,104	$ 7,082,047
	TELEPHONE PLANT					
26	PLANT IN SERVICE	$ 10,130,005	$ 11,678,988	$ 9,769,620	$ 8,879,046	$ 7,924,609
27	PLANT UNDER CONSTRUCTION	5,988	67,893	85,247	54,980	28,050
28	PROPERTY HELD FOR FUTURE USE	34,476	34,476	32,776	21,508	8,463
29	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
30	PLANT ADJUSTMENTS	-	-	-	-	-
31	TOTAL TELEPHONE UTILITY PLANT	10,170,469	11,781,357	9,887,643	8,955,534	7,961,122
32	ACCUM PROV FOR DEPR AND AMORT	1,771,491	3,259,207	2,788,346	2,646,324	2,634,824
33	NET TELEPHONE PLANT	8,398,978	8,522,150	7,099,297	6,309,210	5,326,298
	PLANT IN SERVICE					
34	BEGINNING OF YEAR	11,678,988	9,769,620	8,879,046	7,924,608	7,659,116
35	ADDITIONS	717,921	2,178,157	1,460,843	1,547,724	371,371
36	RETIREMENTS	2,266,904	268,789	559,001	593,286	105,879
37	TRANSFERS AND ADJUSTMENTS	-	-	11,268-	-	-
38	END OF YEAR	$ 10,130,005	$ 11,678,988	$ 9,769,620	$ 8,879,046	$ 7,924,608

SENECA-GORHAM TELEPHONE CORPORATION
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

LIABILITIES AND OTHER CREDITS

ITEM		1987		1986		1985		1984		1983	LINE NO
COMMON CAPITAL STOCK	$	118,450	$	118,450	$	118,450	$	118,450	$	118,450	1
PREFERRED CAPITAL STOCK		100,000		100,000		100,000		100,000		100,000	2
STOCK LIABILITY FOR CONVERSION		-		-		-		-		-	3
PREMIUM ON CAPITAL STOCK		-		-		-		-		-	4
CAPITAL STOCK SUBSCRIBED		-		-		-		-		-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK		-		-		-		-		-	6
OTHER PAID-IN CAPITAL		-		-		-		-		-	7
CAPITAL STOCK EXPENSE		-		-		-		-		-	8
RETAINED EARNINGS		5,107,594		4,427,334		3,837,141		3,373,461		2,983,032	9
TOTAL PROPRIETARY CAPITAL		5,326,044		4,645,784		4,055,591		3,591,911		3,201,482	10
BONDS (LESS BONDS REACQUIRED)		2,838,878		2,885,015		2,928,936		2,970,757		3,107,399	11
ADVANCES FROM AFFILIATED COMPANIES		-		-		-		-		-	12
OTHER LONG-TERM DEBT		-		-		-		-		-	13
TOTAL LONG-TERM DEBT		2,838,878		2,885,015		2,928,936		2,970,757		3,107,399	14
NOTES & ACCTS PAY TO AFFILIATED CO'S		-		-		-		-		-	15
OTHER NOTES AND ACCOUNTS PAYABLE		357,105		873,369		238,013		174,289		261,620	16
CUSTOMERS' DEPOSITS		15,270		16,800		18,280		27,879		23,656	17
ADVANCE BILLING AND PAYMENTS		21,515		154,636		35,954		10,670		20,583	18
TAXES ACCRUED		230,077		74,501		84,467		4,557		56,441-	19
OTHER CURRENT AND ACCRUED LIABILITIES		88,115		174,773		111,062		166,681		28,967	20
TOTAL CURRENT AND ACCRUED LIABILITIES		712,082		1,294,079		487,776		384,076		278,385	21
UNAMORTIZED PREMIUM ON DEBT		-		-		-		-		-	22
ACCUM. DEFERRED INVESTMENT TAX CREDITS		474,175		537,792		416,449		314,344		215,010	23
OTHER DEFERRED CREDITS		183,486		127,097		78,316		34,945		24,366	24
TOTAL DEFERRED CREDITS		657,661		664,889		494,765		349,289		239,376	25
OPERATING RESERVES		-		-		-		-		-	26
ACCUM. DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION		1,001,445		790,415		536,215		362,115		242,415	27
ACCUM. DEFERRED INCOME TAXES - OTHER		54,034		24,699-		8,145-		11,956		12,990	28
TOTAL LIABILITIES AND OTHER CREDITS	$	10,590,144	$	10,255,483	$	8,495,138	$	7,670,104	$	7,082,047	29

SELECTED BALANCE SHEET RELATIONSHIPS

ITEM	1987	1986	1985	1984	1983	LINE NO
CURRENT ASSETS/CURRENT LIABILITIES	2.31	1.04	2.19	2.89	5.22	30
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	34.7	38.3	41.9	45.2	49.2	31
PREFERRED STOCK	1.2	1.3	1.4	1.5	1.5	32
COMMON STOCK & OTHER PAID-IN CAPITAL	1.4	1.5	1.6	1.8	1.8	33
RETAINED EARNINGS	62.5	58.7	54.9	51.4	47.2	34
LONG TERM DEBT % OF GROSS UTILITY PLANT	27.9	24.4	29.6	33.1	39.0	35
ACCUM. PROV. FOR DEPR. & AMORT. %OF UTIL. PLT	17.4	27.6	28.2	29.5	33.0	36

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SENECA-GORHAM TELEPHONE CORPORATION
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL					
1	NET INCOME	$ 803,709	$ 713,642	$ 539,750	$ 442,809	$ 159,784
2	DEPRECIATION AND AMORTIZATION	682,213	702,244	628,681	526,855	452,699
3	DEFERRED INCOME TAXES (NET)	213,546	349,289	256,000	218,000	94,900
4	INTEREST CAPITALIZED	5,953-	28,081-	11,152-	6,700-	1,327-
5	OTHER (NET)	-	-	-	-	-
6	SUBTOTAL	1,693,515	1,737,094	1,413,279	1,180,964	706,056
7	EXTRAORDINARY ITEMS	-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	1,693,515	1,737,094	1,413,279	1,180,964	706,056
9	LESS DIVIDENDS PREFERRED	5,000	5,000	5,000	5,000	5,000
	COMMON	118,450	118,450	71,070	47,380	47,380
11	NET FUNDS - INTERNAL SOURCES	1,570,065	1,613,644	1,337,209	1,128,584	653,676
	EXTERNAL					
12	LONG TERM DEBT	-	-	-	-	-
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	-	-	-	-	-
17	OTHER (NET)	-	-	-	-	-
18	TOTAL FUNDS - EXTERNAL SOURCES	-	-	-	-	-
	OTHER SOURCES					
19	NET DECREASE IN WORKING CAPITAL	-	819,392	302,263	588,936	-
20	OTHER	-	-	-	-	-
21	TOTAL FUNDS PROVIDED	$ 1,570,065	$ 2,433,036	$ 1,639,472	$ 1,717,520	$ 653,676
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
22	TELEPHONE PLANT	$ 660,304	$ 2,162,501	$ 1,491,111	$ 1,574,654	$ 304,103
23	NON-UTILITY PLANT	193,700	212,975	76,117	31,800	14,652
24	OTHER	33,039	14,112-	14,510	50,741-	-
25	TOTAL CONSTRUCTION	887,043	2,361,364	1,581,738	1,555,713	318,755
26	LESS INTEREST CAPITALIZED	5,953	28,081	11,152	6,700	1,327
27	TOTAL EXCLUDING INTEREST CAPITALIZED	881,090	2,333,283	1,570,586	1,549,013	317,428
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	46,136	43,921	41,821	136,642	35,332
29	PREFERRED STOCK	-	-	-	-	-
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	3,000	10,000	7,000	3,519	1,981
32	OTHER (NET)	-	-	5,000	-	-
33	TOTAL RETIREMENT OF SECURITIES	49,136	53,921	53,821	140,161	37,313
	OTHER USES					
34	NET INCREASE IN WORKING CAPITAL	606,192	12,000	-	-	281,388
35	OTHER	33,647	33,832	15,065	28,346	17,547
36	TOTAL FUNDS APPLIED	$ 1,570,065	$ 2,433,036	$ 1,639,472	$ 1,717,520	$ 653,676

SENECA-GORHAM TELEPHONE CORPORATION
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM		1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS							
TELEPHONE OPERATING INCOME							
OPERATING REVENUES	$	4,160,604 $	3,761,709 $	3,442,180 $	3,004,183 $	2,782,463	1
OPERATION AND MAINTENANCE EXPENSE		1,637,670	1,547,645	1,375,251	1,336,028	1,333,542	2
EXTRAORDINARY RETIREMENTS		-	-	-	-	-	3
DEPRECIATION		641,353	659,936	590,758	491,944	412,805	4
AMORTIZATION		-	-	-	-	-	5
TAXES OTHER THAN INCOME TAXES-OPERATING		314,915	273,323	329,449	318,846	288,382	6
INCOME TAXES-OPERATING		279,383	214,749	232,054	83,023	143,505	7
OPERATING INCOME TAXES DEFERRED		363,100	294,460	201,220	138,660	96,450	8
INCOME TAXES DEFERRED IN PRIOR YEARS-CR		85,937-	49,920-	32,170-	19,250-	19,540-	9
TOTAL OPERATING EXPENSES		3,150,484	2,940,193	2,696,562	2,349,251	2,255,144	10
TOTAL TELEPHONE OPERATING INCOME		1,010,120	821,516	745,618	654,932	527,319	11
OTHER INCOME							
DIVIDEND INCOME		-	-	-	-	-	12
INTEREST INCOME		1,773	10,692	21,775	46,251	39,117	13
ALLOWANCE FOR CONSTRUCTION FUNDS		5,953	28,081	11,152	6,700	1,327	14
INCOME FROM SINKING AND OTHER FUNDS		-	-	-	-	-	15
INCOME FROM MISC PHYSICAL PROPERTY		-	-	-	-	5,967-	16
MISCELLANEOUS INCOME		23,539-	73,238	58,893-	57,039-	9,485-	17
TOTAL OTHER INCOME		15,813-	112,011	25,966-	4,088-	24,992	18
TOTAL INCOME		994,307	933,527	719,652	650,844	552,311	19
INCOME DEDUCTIONS							
TAXES OTHER THAN INC TAXES-NONOPERATING		-	-	-	-	-	20
INCOME TAXES-NONOPERATING		10,400-	24,700	20,000-	1,900	123,000-	21
MISCELLANEOUS INCOME CHARGES		1,975	922	759	1,138	301,394	22
TOTAL INCOME DEDUCTIONS		8,425-	25,622	19,241-	3,038	178,394	23
INCOME BEFORE INTEREST CHARGES		1,002,732	907,905	738,893	647,806	373,917	24
INTEREST CHARGES							
INTEREST ON LONG-TERM DEBT		187,792	188,965	192,808	198,132	206,813	25
AMORT OF DEBT DISCOUNT AND EXPENSE		1,859	1,859	1,859	1,968	2,077	26
AMORT OF PREMIUM ON DEBT-CREDIT		-	-	-	-	-	27
INTEREST ON DEBT TO ASSOCIATED COMPANIES		-	-	-	-	-	28
OTHER INTEREST EXPENSE		9,372	3,438	4,476	4,897	5,243	29
TOTAL INTEREST CHARGES		199,023	194,262	199,143	204,997	214,133	30
INCOME BEFORE EXTRAORDINARY/DELAYED ITEMS		803,709	713,643	539,750	442,809	159,784	31
EXTRAORDINARY & DELAYED ITEMS - NET LESS TAX EFFECT		-	-	-	-	-	32
NET INCOME	$	803,709 $	713,643 $	539,750 $	442,809 $	159,784	33
RETAINED EARNINGS							
BEGINNING OF YEAR	$	4,427,334 $	3,837,141 $	3,373,461 $	2,983,032 $	2,875,628	34
TRANSFERRED FROM INCOME		803,709	713,643	539,750	442,809	159,784	35
MISCELLANEOUS CREDITS		-	-	-	-	-	36
MISCELLANEOUS DEBITS		-	-	-	-	-	37
APPROPRIATIONS		-	-	-	-	-	38
DIVIDENDS DECLARED-PREFERRED STOCK		5,000	5,000	5,000	5,000	5,000	39
-COMMON STOCK		118,450	118,450	71,070	47,380	47,380	40
BALANCE END OF YEAR		5,107,593	4,427,334	3,837,141	3,373,461	2,983,032	41
APPROPRIATED RETAINED EARNINGS		-	-	-	-	-	42
TOTAL END OF YEAR	$	5,107,594 $	4,427,334 $	3,837,141 $	3,373,461 $	2,983,032	43
SELECTED INCOME ACCOUNT RELATIONSHIPS							
NET INCOME-PERCENT OF OPERATING REVENUES		19.3	18.9	15.6	14.7	5.7	44
PRETAX COVERAGE OF INTEREST CHARGES		7.8	7.2	5.6	4.4	2.2	45
COMMON STOCK DIVIDENDS AS A % OF EARNINGS		14.8	16.7	13.2	10.8	30.6	46
RETURN ON COMMON EQUITY		16.3	16.6	14.3	13.2	5.0	47

SENECA-GORHAM TELEPHONE CORPORATION
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

TELEPHONE OPERATING REVENUES

LINE NO	ITEM	1987	1986	1985	1984	1983
1	LOCAL REVENUES	$ 840,563	$ 755,934	$ 816,510	$ 803,064	$ 805,398
2	ACCESS REVENUES	1,312,135	1,142,080	1,153,241	-	-
3	TOLL REVENUES	1,451,347	1,450,817	1,154,298	1,902,200	1,851,944
4	MISCELLANEOUS REVENUES	572,177	444,643	344,530	313,443	134,793
5	UNCOLLECTIBLE REVENUES-DR	15,618	31,765	26,399	14,524	9,672
6	TOTAL OPERATING REVENUES	$ 4,160,604	$ 3,761,709	$ 3,442,180	$ 3,004,183	$ 2,782,463
7	ACCESS LINES IN SERVICE	7,539	7,274	6,911	6,704	6,571

TELEPHONE OPERATING REVENUE RELATIONSHIPS

LINE NO	REVENUE PER AVERAGE ACCESS LINE*	1987	1986	1985	1984	1983
8	LOCAL REVENUE	$ 113.49	$ 106.58	$ 119.94	$ 120.99	$ 123.18
9	ACCESS REVENUE	177.16	161.03	169.41		
10	TOLL REVENUE	195.96	204.56	169.56	286.58	283.24

*YEAR END AVERAGE

OPERATION AND MAINTENANCE EXPENSES

LINE NO	ITEM	1987	1986	1985	1984	1983
11	MAINTENANCE EXPENSES	$ 504,840	$ 517,405	$ 517,137	$ 556,519	$ 523,780
12	DEPRECIATION & AMORTIZATION	641,353	659,936	590,758	491,944	412,805
13	TRAFFIC EXPENSES	31,932	31,932	31,636	30,468	33,197
14	COMMERCIAL EXPENSES	208,614	198,822	159,664	158,715	149,816
15	ACCESS EXPENSES	-	-	-	-	-
16	GENERAL OFFICE SALARIES & EXPENSES	558,553	477,011	405,316	401,797	475,930
17	OTHER OPERATING EXPENSES	333,731	322,475	261,498	188,529	150,819
18	TOTAL O & M EXPENSES	$ 2,279,023	$ 2,207,581	$ 1,966,009	$ 1,827,972	$ 1,746,347

SENECA-GORHAM TELEPHONE CORPORATION
DISTRIBUTION OF TELEPHONE REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
REVENUES	$ 4,160,604	$ 3,761,709	$ 3,442,180	$ 3,004,183	$ 2,782,463	1
ACCESS LINES - AVERAGE*	7,407	7,093	6,808	6,638	6,539	2
			DOLLAR AMOUNTS			
WAGES AND BENEFITS	$ 189,869	$ 893,001	$ 808,807	$ 791,810	$ 786,330	3
OTHER OPERATION AND MAINTENANCE EXPENSES	1,447,801	654,644	566,444	544,218	547,212	4
DEPRECIATION AND AMORTIZATION EXPENSES	641,353	659,936	590,758	491,944	412,805	5
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	6
INCOME TAXES - OPERATING	556,546	459,289	401,104	202,433	220,415	7
OTHER TAXES - OPERATING	314,915	273,323	329,449	318,846	288,382	8
INTEREST CHARGES **	197,904	187,761	196,422	202,947	213,605	9
PREFERRED DIVIDENDS**	4,970	4,828	4,933	4,946	4,987	10
EARNINGS AVAILABLE FOR COMMON EQUITY	807,246	628,927	544,263	447,039	308,727	11
TOTAL	$ 4,160,604	$ 3,761,709	$ 3,442,180	$ 3,004,183	$ 2,782,463	12
			PERCENT OF REVENUES			
WAGES AND BENEFITS	4 6	23 7	23 5	26 4	28 3	13
OTHER OPERATION AND MAINTENANCE EXPENSES	34 8	17 4	16 5	18 1	19 7	14
DEPRECIATION AND AMORTIZATION EXPENSES	15 4	17 5	17 2	16 4	14 8	15
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	16
INCOME TAXES - OPERATING	13 4	12 2	11 7	6 7	7 9	17
OTHER TAXES - OPERATING	7 6	7 3	9 6	10 6	10 4	18
INTEREST CHARGES**	4 8	5 0	5 7	6 8	7 7	19
PREFERRED DIVIDENDS **	0 1	0 1	0 1	0 2	0 2	20
EARNINGS AVAILABLE FOR COMMON EQUITY	19 4	16 7	15 8	14 9	11 1	21
TOTAL	100 0	100 0	100 0	100 0	100 0	22
			DOLLARS PER AVERAGE ACCESS LINE PER MONTH			
WAGES AND BENEFITS	$ 2 14	$ 10 49	$ 9 90	$ 9 94	$ 10 02	23
OTHER OPERATION AND MAINTENANCE EXPENSES	16 29	7 69	6 93	6 83	6 97	24
DEPRECIATION AND AMORTIZATION EXPENSES	7 22	7 75	7 23	6 18	5 26	25
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	26
INCOME TAXES - OPERATING	6 26	5 40	4 91	2 54	2 81	27
OTHER TAXES - OPERATING	3 54	3 21	4 03	4 00	3 68	28
						29
INTEREST CHARGES **	2 23	2 21	2 40	2 55	2 72	
PREFERRED DIVIDENDS **	0 06	0 06	0 06	0 06	0 06	30
EARNINGS AVAILABLE FOR COMMON EQUITY	9 08	7 39	6 66	5 61	3 93	31
TOTAL	$ 46 81	$ 44 20	$ 42 14	$ 37 72	$ 35 46	32

* YEAR END AVERAGE

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STATE TELEPHONE COMPANY
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF TELEPHONE PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	TELEPHONE PLANT	$ 6,458,198	$ 5,835,448	$ 5,382,912	$ 4,974,757	$ 4,753,859
2	ACCUM PROV FOR DEPR & AMORT	3,080,755	4,049,546	3,791,861	3,513,542	3,164,913
3	NET TELEPHONE PLANT	3,377,443	1,785,902	1,591,051	1,461,215	1,588,946
4	INVESTMENTS IN AFFILIATED COMPANIES	-	-	-	-	-
5	ADVANCES TO AFFILIATED COMPANIES	-	-	-	-	-
6	MISCELLANEOUS PHYSICAL PROPERTY	58,606	52,498	44,814	22,150	-
7	OTHER INVESTMENTS AND FUNDS	-	-	-	-	-
8	TOTAL INVESTMENTS AND FUNDS	58,606	52,498	44,814	22,150	-
9	CASH AND WORKING FUNDS	52,991-	252,033	103,356	125,954	29,026
10	SPECIAL CASH DEPOSITS	346,429	798,664	471,413	234,357	403,920
11	TEMPORARY CASH INVESTMENTS	-	613,653	689,041	522,703	354,651
12	NOTES & ACCT'S REC -AFFILIATED CO'S	-	-	-	-	-
13	OTHER NOTES AND ACCOUNTS RECEIVABLE	215,177	101,420	34,030	26,378	7,092
14	DUE - CUST & AGENTS LESS ACCUM PROV - UNCOLLECTIBLE ACCTS	99,004	75,106	45,854	76,703	31,627
15	MATERIALS AND SUPPLIES	81,506	62,651	21,518	22,629	23,647
16	MERCH AND MATERIAL HELD FOR SALE	41,446	26,577	28,571	7,969	3,141
17	PREPAYMENTS	109,341	96,736	154,761	73,567	70,565
18	OTHER CURRENT AND ACCRUED ASSETS	-	-	1,938	2,557	2,033
19	TOTAL CURRENT AND ACCRUED ASSETS	839,912	2,026,840	1,550,482	1,092,817	925,702
20	UNAMORTIZED DEBT DISCOUNT AND EXPENSE	-	-	-	-	-
21	EXTRAORDINARY MAINTENANCE & RETIREMENTS	-	-	-	-	-
22	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
23	OTHER DEFERRED DEBITS	2,784	387	124	-	-
24	TOTAL DEFERRED DEBITS	2,784	987	124	-	-
25	TOTAL ASSETS AND OTHER DEBITS	4,278,745	$ 3,866,227	$ 3,186,471	$ 2,576,182	$ 2,514,648
	TELEPHONE PLANT					
26	PLANT IN SERVICE	$ 6,453,801	$ 5,765,196	$ 5,276,458	$ 4,952,325	$ 4,734,958
27	PLANT UNDER CONSTRUCTION	4,397	70,252	106,454	22,432	18,901
28	PROPERTY HELD FOR FUTURE USE	-	-	-	-	-
29	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
30	PLANT ADJUSTMENTS	-	-	-	-	-
31	TOTAL TELEPHONE UTILITY PLANT	6,458,198	5,835,448	5,382,912	4,974,757	4,753,859
32	ACCUM PROV FOR DEPR AND AMORT	3,080,755	4,049,546	3,791,861	3,513,542	3,164,913
33	NET TELEPHONE PLANT	3,377,443	1,785,902	1,591,051	1,461,215	1,588,946
	PLANT IN SERVICE					
34	BEGINNING OF YEAR	5,765,196	5,276,458	4,952,325	4,734,958	4,565,134
35	ADDITIONS	2,146,687	569,221	387,382	279,593	193,807
36	RETIREMENTS	1,458,082	79,510	31,257	62,227	23,983
37	TRANSFERS AND ADJUSTMENTS	-	974-	31,994-	-	-
38	END OF YEAR	$ 6,453,801	$ 5,765,196	$ 5,276,458	$ 4,952,324	$ 4,734,958

STATE TELEPHONE COMPANY
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 80,000	$ 80,000	$ 80,000	$ 80,000	$ 80,000	1
PREFERRED CAPITAL STOCK	-	-	-	-	-	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	3,560,599	2,866,105	2,197,068	1,882,820	1,578,885	9
TOTAL PROPRIETARY CAPITAL	3,640,599	2,946,105	2,277,067	1,962,820	1,658,885	10
BONDS (LESS BONDS REACQUIRED)	59,300	138,000	143,500	146,500	149,500	11
ADVANCES FROM AFFILIATED COMPANIES	-	-	-	-	-	12
OTHER LONG-TERM DEBT	-	-	-	-	-	13
TOTAL LONG-TERM DEBT	59,300	138,000	143,500	146,500	149,500	14
NOTES & ACCTS PAY TO AFFILIATED CO'S	-	-	-	-	-	15
OTHER NOTES AND ACCOUNTS PAYABLE	377,343	155,676	402,325	183,866	312,319	16
CUSTOMERS' DEPOSITS	57,280	36,885	38,500	47,145	40,665	17
ADVANCE BILLING AND PAYMENTS	-	-	-	-	-	18
TAXES ACCRUED	126,223-	321,080	57,261	58,852	92,557	19
OTHER CURRENT AND ACCRUED LIABILITIES	50,673	47,253	59,053	52,781	56,967	20
TOTAL CURRENT AND ACCRUED LIABILITIES	359,073	560,894	557,139	342,644	502,508	21
UNAMORTIZED PREMIUM ON DEBT	-	-	-	-	-	22
ACCUM. DEFERRED INVESTMENT TAX CREDITS	59,730	65,485	71,851	-	-	23
OTHER DEFERRED CREDITS	121,878	123,360	123,984	124,218	124,374	24
TOTAL DEFERRED CREDITS	181,608	188,845	195,835	124,218	124,374	25
OPERATING RESERVES	17,112	13,063	-	-	79,381	26
ACCUM. DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION	21,053	19,320	12,929	-	-	27
ACCUM. DEFERRED INCOME TAXES - OTHER	-	-	-	-	-	28
TOTAL LIABILITIES AND OTHER CREDITS	$ 4,278,745	$ 3,866,227	$ 3,186,471	$ 2,576,182	$ 2,514,648	29
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS/CURRENT LIABILITIES	2.34	3.61	2.78	3.19	1.84	30
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	1.6	4.4	5.9	6.9	8.2	31
PREFERRED STOCK	-	-	-	-	-	32
COMMON STOCK & OTHER PAID-IN CAPITAL	2.1	2.5	3.3	3.7	4.4	33
RETAINED EARNINGS	96.2	92.9	90.7	89.2	87.3	34
LONG TERM DEBT % OF GROSS UTILITY PLANT	0.9	2.3	2.6	2.9	3.1	35
ACCUM. PROV. FOR DEPR & AMORT. %OF UTIL. PLT	47.7	69.3	70.4	70.6	66.5	36

STATE TELEPHONE COMPANY
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL					
1	NET INCOME	$ 895,616	$ 689,038	$ 412,260	$ 323,934	$ 245,558
2	DEPRECIATION AND AMORTIZATION	355,594	330,436	311,190	378,486	367,785
3	DEFERRED INCOME TAXES (NET)	4,022-	599-	-	-	-
4	INTEREST CAPITALIZED	-	-	-	-	-
5	OTHER (NET)	1,484-	-	36,768	-	-
6	SUBTOTAL	1,246,704	1,018,875	760,218	702,420	613,343
7	EXTRAORDINARY ITEMS	131,122-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	1,115,582	1,018,875	760,218	702,420	613,343
9	LESS DIVIDENDS PREFERRED	-	-	-	-	-
	COMMON	70,000	20,000	50,000	-	20,000
11	NET FUNDS - INTERNAL SOURCES	1,045,582	998,875	710,218	702,420	593,343
	EXTERNAL					
12	LONG TERM DEBT	-	-	-	-	-
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	-	-	-	-	148,500
17	OTHER (NET)	-	-	-	-	-
18	TOTAL FUNDS - EXTERNAL SOURCES	-	-	-	-	148,500
	OTHER SOURCES					
19	NET DECREASE IN WORKING CAPITAL	-	-	-	-	-
20	OTHER	998,274	-	-	-	-
21	TOTAL FUNDS PROVIDED	$ 2,043,856	$ 998,875	$ 710,218	$ 702,420	$ 741,843
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
22	TELEPHONE PLANT	$ 1,965,156	$ 532,974	$ 463,690	$ 260,615	$ 182,661
23	NON-UTILITY PLANT	-	-	-	-	-
24	OTHER	-	-	-	9,693	-
25	TOTAL CONSTRUCTION	1,965,156	532,974	463,690	270,308	182,661
26	LESS INTEREST CAPITALIZED	-	-	-	-	-
27	TOTAL EXCLUDING INTEREST CAPITALIZED	1,965,156	532,974	463,690	270,308	182,661
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	78,700	5,500	3,000	3,000	453,500
29	PREFERRED STOCK	-	-	-	-	-
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	-	-	-	-
32	OTHER (NET)	-	-	234	-	-
33	TOTAL RETIREMENT OF SECURITIES	78,700	5,500	3,234	3,000	453,500
	OTHER USES					
34	NET INCREASE IN WORKING CAPITAL	-	-	243,294	406,359	7,135
35	OTHER	-	460,401	-	22,753	98,547
36	TOTAL FUNDS APPLIED	$ 2,043,856	$ 998,875	$ 710,218	$ 702,420	$ 741,843

STATE TELEPHONE COMPANY
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
TELEPHONE OPERATING INCOME						
OPERATING REVENUES	$ 3,493,817	$ 3,265,896	$ 2,346,430	$ 2,286,146	$ 2,165,298	1
OPERATION AND MAINTENANCE EXPENSE	1,654,635	1,550,641	1,262,275	1,262,481	1,238,586	2
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	3
DEPRECIATION	332,537	309,525	292,627	351,460	346,236	4
AMORTIZATION	-	-	-	-	-	5
TAXES OTHER THAN INCOME TAXES-OPERATING	207,021	288,283	215,261	223,936	209,683	6
INCOME TAXES-OPERATING	525,767	566,924	281,625	179,904	131,517	7
OPERATING INCOME TAXES DEFERRED	-	-	-	-	-	8
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	-	-	-	-	-	9
TOTAL OPERATING EXPENSES	2,719,960	2,715,373	2,051,788	2,017,781	1,926,022	10
TOTAL TELEPHONE OPERATING INCOME	773,857	550,523	294,642	268,365	239,276	11
OTHER INCOME						
DIVIDEND INCOME	-	-	-	-	-	12
INTEREST INCOME	58,482	98,334	90,932	57,246	51,234	13
ALLOWANCE FOR CONSTRUCTION FUNDS	-	-	-	-	-	14
INCOME FROM SINKING AND OTHER FUNDS	-	-	-	-	-	15
INCOME FROM MISC. PHYSICAL PROPERTY	-	-	-	-	-	16
MISCELLANEOUS INCOME	83,303	72,273	63,547	32,325	98	17
TOTAL OTHER INCOME	141,785	170,607	154,479	89,571	51,332	18
TOTAL INCOME	915,642	721,130	449,121	357,936	290,608	19
INCOME DEDUCTIONS						
TAXES OTHER THAN INC. TAXES-NONOPERATING	-	-	-	-	-	20
INCOME TAXES-NONOPERATING	-	-	-	20,462	-	21
MISCELLANEOUS INCOME CHARGES	9,111	18,484	22,132	914	1,048	22
TOTAL INCOME DEDUCTIONS	9,111	18,484	22,132	21,376	1,048	23
INCOME BEFORE INTEREST CHARGES	906,531	702,646	426,989	336,560	289,560	24
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	8,919	9,342	9,510	9,704	38,186	25
AMORT. OF DEBT DISCOUNT AND EXPENSE	-	-	-	-	-	26
AMORT. OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	27
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	28
OTHER INTEREST EXPENSE	1,996	4,266	5,219	2,922	5,816	29
TOTAL INTEREST CHARGES	10,915	13,608	14,729	12,626	44,002	30
INCOME BEFORE EXTRAORDINARY/DELAYED ITEMS	895,616	689,038	412,260	323,934	245,558	31
EXTRAORDINARY & DELAYED ITEMS - NET LESS TAX EFFECT	131,122-	-	48,012-	-	-	32
NET INCOME	$ 764,494	$ 689,038	$ 364,248	$ 323,934	$ 245,558	33
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 2,866,105	$ 2,197,067	$ 1,882,820	$ 1,578,885	$ 1,353,327	34
TRANSFERRED FROM INCOME	764,494	689,038	364,248	323,934	245,558	35
MISCELLANEOUS CREDITS	-	-	-	-	-	36
MISCELLANEOUS DEBITS	-	-	-	-	-	37
APPROPRIATIONS	-	-	-	-	-	38
DIVIDENDS DECLARED-PREFERRED STOCK	-	-	-	-	-	39
-COMMON STOCK	70,000	20,000	50,000	20,000	20,000	40
BALANCE END OF YEAR	3,560,599	2,866,105	2,197,068	1,882,819	1,578,885	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 3,560,599	$ 2,866,105	$ 2,197,068	$ 1,882,820	$ 1,578,885	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME-PERCENT OF OPERATING REVENUES	21.8	21.0	15.5	14.1	11.3	44
PRETAX COVERAGE OF INTEREST CHARGES	131.2	93.3	48.1	42.5	9.6	45
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	9.1	2.9	13.7	6.1	8.1	46
RETURN ON COMMON EQUITY	23.2	26.3	17.1	17.8	15.8	47

STATE TELEPHONE COMPANY
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	TELEPHONE OPERATING REVENUES					
1	LOCAL REVENUES	$ 1,143,271	$ 1,187,451	$ 1,081,097	$ 1,035,114	$ 1,006,734
2	ACCESS REVENUES	1,270,409	1,025,683	64,777	-	-
3	TOLL REVENUES	542,989	639,205	999,909	1,028,301	950,334
4	MISCELLANEOUS REVENUES	549,945	435,837	215,052	230,154	219,973
5	UNCOLLECTIBLE REVENUES-DR	12,797	22,280	8,739	7,424	11,743
6	TOTAL OPERATING REVENUES	$ 3,493,817	$ 3,265,896	$ 2,352,096	$ 2,286,145	$ 2,165,298
7	ACCESS LINES IN SERVICE	6,568	6,354	6,108	5,873	5,452
	TELEPHONE OPERATING REVENUE RELATIONSHIPS					
	REVENUE PER AVERAGE ACCESS LINE*					
8	LOCAL REVENUE	$ 176.95	$ 190.57	$ 180.47	$ 182.80	$ 183.13
9	ACCESS REVENUE	196.63	164.61	10.81		
10	TOLL REVENUE	84.04	102.58	166.92	181.60	172.87

*YEAR END AVERAGE

LINE NO	ITEM	1987	1986	1985	1984	1983
	OPERATION AND MAINTENANCE EXPENSES					
11	MAINTENANCE EXPENSES	$ 698,416	$ 585,132	$ 523,335	$ 538,913	$ 532,282
12	DEPRECIATION & AMORTIZATION	332,537	309,525	292,627	351,460	346,236
13	TRAFFIC EXPENSES	178,810	126,694	30,762	31,805	37,843
14	COMMERCIAL EXPENSES	226,097	232,694	189,937	215,598	214,588
15	ACCESS EXPENSES	-	-	-	-	-
16	GENERAL OFFICE SALARIES & EXPENSES	214,512	224,037	273,448	238,188	179,696
17	OTHER OPERATING EXPENSES	336,800	382,684	245,393	238,577	274,777
18	TOTAL O & M EXPENSES	$ 1,987,172	$ 1,860,766	$ 1,555,502	$ 1,614,541	$ 1,585,422

STATE TELEPHONE COMPANY
DISTRIBUTION OF TELEPHONE REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
REVENUES	$ 3,493,817	$ 3,265,896	$ 2,346,430	$ 2,286,146	$ 2,165,298	1
ACCESS LINES - AVERAGE*	6,461	6,231	5,991	5,663	5,498	2

DOLLAR AMOUNTS

ITEM	1987	1986	1985	1984	1983	LINE NO
WAGES AND BENEFITS	$ 893,663	$ 829,357	$ 695,885	$ 670,536	$ 689,136	3
OTHER OPERATION AND MAINTENANCE EXPENSES	760,972	721,284	566,390	591,945	549,450	4
DEPRECIATION AND AMORTIZATION EXPENSES	332,537	309,525	292,627	351,460	346,236	5
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	6
INCOME TAXES - OPERATING	525,767	566,924	281,625	179,904	131,517	7
OTHER TAXES - OPERATING	207,021	288,283	215,261	223,936	209,683	8
INTEREST CHARGES **	10,915	13,608	14,729	12,626	44,002	9
PREFERRED DIVIDENDS**	-	-	-	-	-	10
EARNINGS AVAILABLE FOR COMMON EQUITY	762,942	536,915	279,913	255,739	195,274	11
TOTAL	$ 3,493,817	$ 3,265,896	$ 2,346,430	$ 2,286,146	$ 2,165,298	12

PERCENT OF REVENUES

ITEM	1987	1986	1985	1984	1983	LINE NO
WAGES AND BENEFITS	25.6	25.4	29.7	29.3	31.8	13
OTHER OPERATION AND MAINTENANCE EXPENSES	21.8	22.1	24.1	25.9	25.4	14
DEPRECIATION AND AMORTIZATION EXPENSES	9.5	9.5	12.5	15.4	16.0	15
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	16
INCOME TAXES - OPERATING	15.0	17.4	12.0	7.9	6.1	17
OTHER TAXES - OPERATING	5.9	8.8	9.2	9.8	9.7	18
INTEREST CHARGES**	0.3	0.4	0.6	0.6	2.0	19
PREFERRED DIVIDENDS **	-	-	-	-	-	20
EARNINGS AVAILABLE FOR COMMON EQUITY	21.8	16.4	11.9	11.2	9.0	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22

DOLLARS PER AVERAGE ACCESS LINE PER MONTH

ITEM	1987	1986	1985	1984	1983	LINE NO
WAGES AND BENEFITS	$ 11.53	$ 11.09	$ 9.68	$ 9.87	$ 10.45	23
OTHER OPERATION AND MAINTENANCE EXPENSES	9.81	9.65	7.88	8.71	8.33	24
DEPRECIATION AND AMORTIZATION EXPENSES	4.29	4.14	4.07	5.17	5.25	25
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	26
INCOME TAXES - OPERATING	6.78	7.58	3.92	2.65	1.99	27
OTHER TAXES - OPERATING	2.67	3.86	2.99	3.30	3.18	28
						29
INTEREST CHARGES **	0.14	0.18	0.20	0.19	0.67	
PREFERRED DIVIDENDS **	-	-	-	-	-	30
EARNINGS AVAILABLE FOR COMMON EQUITY	9.84	7.18	3.89	3.76	2.96	31
TOTAL	$ 45.06	$ 43.68	$ 32.64	$ 33.64	$ 32.82	32

* YEAR END AVERAGE

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SYLVAN LAKE TELEPHONE COMPANY, INC
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF TELEPHONE PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	TELEPHONE PLANT	$ 21,142,218	$ 15,756,998	$ 14,272,393	$ 13,790,789	$ 13,018,837
2	ACCUM PROV FOR DEPR & AMORT	6,297,718	5,526,924	4,633,873	5,802,333	5,181,799
3	NET TELEPHONE PLANT	14,844,500	10,230,074	9,638,526	7,988,456	7,837,038
4	INVESTMENTS IN AFFILIATED COMPANIES	-	-	-	-	-
5	ADVANCES TO AFFILIATED COMPANIES	-	-	-	-	-
6	MISCELLANEOUS PHYSICAL PROPERTY	-	-	-	-	-
7	OTHER INVESTMENTS AND FUNDS	-	3,750	2,250	-	2,250
8	TOTAL INVESTMENTS AND FUNDS	-	3,750	2,250	-	2,250
9	CASH AND WORKING FUNDS	139,058	264,862	141,685	31,256	39,598
10	SPECIAL CASH DEPOSITS	1,000	1,000	1,000	1,000	1,000
11	TEMPORARY CASH INVESTMENTS	-	-	-	-	-
12	NOTES & ACCT'S REC -AFFILIATED CO'S	153,215	47,294	412,401	212,405	2,810
13	OTHER NOTES AND ACCOUNTS RECEIVABLE	129,066	45,498	100,444	880,151	184,096
14	DUE - CUST & AGENTS LESS ACCUM PROV - UNCOLLECTIBLE ACCTS	287,532	154,950	491,214	-	835,199
15	MATERIALS AND SUPPLIES	226,252	201,667	197,213	204,647	188,085
16	MERCH AND MATERIAL HELD FOR SALE	-	-	-	-	-
17	PREPAYMENTS	123,031	105,845	97,447	89,111	108,114
18	OTHER CURRENT AND ACCRUED ASSETS	-	-	-	-	-
19	TOTAL CURRENT AND ACCRUED ASSETS	1,059,154	821,116	1,441,404	1,418,570	1,358,902
20	UNAMORTIZED DEBT DISCOUNT AND EXPENSE	79,414	87,184	95,191	103,199	112,117
21	EXTRAORDINARY MAINTENANCE & RETIREMENTS	-	-	-	-	-
22	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
23	OTHER DEFERRED DEBITS	169,977	199,907	91,025	121,776	46,257
24	TOTAL DEFERRED DEBITS	249,391	287,091	186,216	224,975	158,374
25	TOTAL ASSETS AND OTHER DEBITS	16,153,045	$ 11,342,031	$ 11,268,396	$ 9,632,001	$ 9,356,564
	TELEPHONE PLANT					
26	PLANT IN SERVICE	$ 19,825,101	$ 14,739,693	$ 13,892,040	$ 13,312,947	$ 12,787,453
27	PLANT UNDER CONSTRUCTION	1,236,862	939,136	302,190	399,673	153,215
28	PROPERTY HELD FOR FUTURE USE	2,086	-	-	-	-
29	PLANT ACQUISITION ADJUSTMENTS	2,013	2,013	2,013	2,013	2,013
30	PLANT ADJUSTMENTS	76,156	76,156	76,156	76,156	76,156
31	TOTAL TELEPHONE UTILITY PLANT	21,142,218	15,756,998	14,272,399	13,790,789	13,018,837
32	ACCUM PROV FOR DEPR AND AMORT	6,297,718	5,526,924	4,633,873	5,802,333	5,181,799
33	NET TELEPHONE PLANT	14,844,500	10,230,074	9,638,526	7,988,456	7,837,038
	PLANT IN SERVICE					
34	BEGINNING OF YEAR	14,739,693	13,892,040	13,312,947	12,787,453	11,986,983
35	ADDITIONS	5,160,401	1,018,976	2,661,973	743,283	1,248,764
36	RETIREMENTS	74,993	171,323	2,082,880	217,789	448,294
37	TRANSFERS AND ADJUSTMENTS	-	-	-	-	-
38	END OF YEAR	$ 19,825,101	$ 14,739,693	$ 13,892,040	$ 13,312,947	$ 12,787,453

SYLVAN LAKE TELEPHONE COMPANY, INC
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 168,000	$ 168,000	$ 168,000	$ 168,000	$ 168,000	1
PREFERRED CAPITAL STOCK	-	-	-	-	-	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	257,300	257,300	257,300	257,300	257,300	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	767,000	767,000	767,000	767,000	767,000	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	3,659,142	3,312,853	2,965,553	2,645,210	2,475,852	9
TOTAL PROPRIETARY CAPITAL	4,851,442	4,505,153	4,157,853	3,837,510	3,668,152	10
BONDS(LESS BONDS REACQUIRED)	3,400,000	3,580,750	3,583,000	3,589,000	3,595,000	11
ADVANCES FROM AFFILIATED COMPANIES	2,400,000	-	-	-	175,000	12
OTHER LONG-TERM DEBT	-	-	-	-	-	13
TOTAL LONG-TERM DEBT	5,800,000	3,580,750	3,583,000	3,589,000	3,770,000	14
NOTES & ACCTS PAY TO AFFILIATED CO'S	299,447	339,533	712,724	-	34,451	15
OTHER NOTES AND ACCOUNTS PAYABLE	2,992,211	675,242	644,865	326,802	261,999	16
CUSTOMERS' DEPOSITS	63,629	39,176	29,008	35,022	29,883	17
ADVANCE BILLING AND PAYMENTS	19,447	19,452	16,666	-	20,579	18
TAXES ACCRUED	136,545-	29,092	61,018	105,100	15,266-	19
OTHER CURRENT AND ACCRUED LIABILITIES	63,411	202,244	202,477	167,683	126,651	20
TOTAL CURRENT AND ACCRUED LIABILITIES	3,301,600	1,304,739	1,666,758	634,607	488,297	21
UNAMORTIZED PREMIUM ON DEBT	-	-	-	-	-	22
ACCUM. DEFERRED INVESTMENT TAX CREDITS	580,779	669,979	697,979	642,979	637,979	23
OTHER DEFERRED CREDITS	45,000	45,000	45,000	45,000	45,000	24
TOTAL DEFERRED CREDITS	625,779	714,979	742,979	687,979	682,979	25
OPERATING RESERVES	93,978	84,574	77,370	9,669	-	26
ACCUM. DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION	1,422,402	1,138,202	1,019,702	850,302	748,902	27
ACCUM. DEFERRED INCOME TAXES - OTHER	57,844	13,634	20,734	22,934	28,234	28
TOTAL LIABILITIES AND OTHER CREDITS	$ 16,153,045	$ 11,342,031	$ 11,268,396	$ 9,632,001	$ 9,356,564	29
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS/CURRENT LIABILITIES	0.32	0.63	0.86	2.24	2.97	30
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	54.4	44.2	46.2	48.3	50.6	31
PREFERRED STOCK	-	-	-	-	-	32
COMMON STOCK & OTHER PAID-IN CAPITAL	11.1	14.7	15.4	16.0	16.0	33
RETAINED EARNINGS	34.3	40.9	38.3	35.6	33.2	34
LONG TERM DEBT % OF GROSS UTILITY PLANT	27.4	22.7	25.1	26.0	28.9	35
ACCUM. PROV. FOR DEPR & AMORT. %OF UTIL. PLT	29.7	35.0	32.4	42.0	39.8	36

SYLVAN LAKE TELEPHONE COMPANY, INC.
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
			SOURCES OF FUNDS			
	INTERNAL					
1	NET INCOME	$ 921,877	$ 864,064	$ 726,102	$ 487,577	$ 506,806
2	DEPRECIATION AND AMORTIZATION	907,552	979,799	923,705	766,168	691,641
3	DEFERRED INCOME TAXES (NET)	239,210	83,400	222,200	101,100	201,900
4	INTEREST CAPITALIZED	165,798-	27,000-	48,644-	4,482-	4,089-
5	OTHER (NET)	39,334	7,204	98,452	21,253	41,989
6	SUBTOTAL	1,942,175	1,907,467	1,921,815	1,371,616	1,438,247
7	EXTRAORDINARY ITEMS	-	-	-	-	40-
8	TOTAL FUNDS - INTERNAL SOURCES	1,942,175	1,907,467	1,921,815	1,371,616	1,438,207
9	LESS DIVIDENDS PREFERRED	-	-	-	-	-
	COMMON	575,594	516,763	405,760	318,218	257,542
11	NET FUNDS - INTERNAL SOURCES	1,366,581	1,390,704	1,516,055	1,053,398	1,180,565
	EXTERNAL					
12	LONG TERM DEBT	-	-	-	-	1,894,000
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	-	-	-	-	-
17	OTHER (NET)	4,400,000	-	-	-	-
18	TOTAL FUNDS - EXTERNAL SOURCES	4,400,000	-	-	-	1,894,000
	OTHER SOURCES					
19	NET DECREASE IN WORKING CAPITAL	-	266,668	1,017,653	97,638	-
20	OTHER	-	-	-	9,669	-
21	TOTAL FUNDS PROVIDED	$ 5,766,581	$ 1,657,372	$ 2,533,708	$ 1,160,705	$ 3,074,565
			USES OF FUNDS			
	CONSTRUCTION EXPENDITURES					
22	TELEPHONE PLANT	$ 5,510,452	$ 1,563,342	$ 2,565,766	$ 908,668	$ 1,316,193
23	NON-UTILITY PLANT	-	-	-	-	-
24	OTHER	-	-	-	-	-
25	TOTAL CONSTRUCTION	5,510,452	1,563,342	2,565,766	908,668	1,316,193
26	LESS INTEREST CAPITALIZED	165,798	27,000	48,644	4,482	4,089
27	TOTAL EXCLUDING INTEREST CAPITALIZED	5,344,654	1,536,342	2,517,122	904,186	1,312,104
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	180,750	2,250	6,000	6,000	-
29	PREFERRED STOCK	-	-	-	-	79,766
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	-	-	-	-
32	OTHER (NET)	17,186	-	10,586	175,000	30,600
33	TOTAL RETIREMENT OF SECURITIES	197,936	2,250	16,586	181,000	110,366
	OTHER USES					
34	NET INCREASE IN WORKING CAPITAL	223,991	-	-	-	87,095
35	OTHER	-	118,780	-	75,519	1,565,000
36	TOTAL FUNDS APPLIED	$ 5,766,581	$ 1,657,372	$ 2,533,708	$ 1,160,705	$ 3,074,565

SYLVAN LAKE TELEPHONE COMPANY, INC.
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
TELEPHONE OPERATING INCOME						
OPERATING REVENUES	$ 6,082,570	$ 5,511,942	$ 5,110,731	$ 4,250,020	$ 3,921,346	1
OPERATION AND MAINTENANCE EXPENSE	2,936,994	2,368,958	2,368,177	1,914,078	1,719,093	2
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	3
DEPRECIATION	896,026	971,792	915,696	757,250	685,354	4
AMORTIZATION	-	-	-	-	-	5
TAXES OTHER THAN INCOME TAXES-OPERATING	507,129	405,754	451,899	467,218	421,977	6
INCOME TAXES-OPERATING	114,380	429,373	178,760	149,716	96,194	7
OPERATING INCOME TAXES DEFERRED	370,100	124,500	181,800	110,200	164,600	8
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	70,900-	13,100-	14,600-	14,100-	15,100-	9
TOTAL OPERATING EXPENSES	4,753,729	4,287,277	4,081,732	3,384,362	3,072,118	10
TOTAL TELEPHONE OPERATING INCOME	1,328,841	1,224,665	1,028,999	865,658	849,228	11
OTHER INCOME						
DIVIDEND INCOME	-	-	-	-	-	12
INTEREST INCOME	-	8,367	74,571	22,967	18,857	13
ALLOWANCE FOR CONSTRUCTION FUNDS	165,798	27,000	48,644	4,482	4,089	14
INCOME FROM SINKING AND OTHER FUNDS	-	-	-	-	-	15
INCOME FROM MISC. PHYSICAL PROPERTY	-	-	-	7,754	-	16
MISCELLANEOUS INCOME	8,791	13,832	17,760	-	-	17
TOTAL OTHER INCOME	174,589	49,199	140,975	35,203	22,946	18
TOTAL INCOME	1,503,430	1,273,864	1,169,974	900,861	872,174	19
INCOME DEDUCTIONS						
TAXES OTHER THAN INC. TAXES-NONOPERATING	346	575	696	343	-	20
INCOME TAXES-NONOPERATING	5,916-	7,809	41,057	13,169	7,554	21
MISCELLANEOUS INCOME CHARGES	23,232	4,647	2,383	1,750	2,435	22
TOTAL INCOME DEDUCTIONS	17,662	13,031	44,136	15,262	9,989	23
INCOME BEFORE INTEREST CHARGES	1,485,768	1,260,833	1,125,838	885,599	862,185	24
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	375,131	385,524	385,854	386,181	286,246	25
AMORT. OF DEBT DISCOUNT AND EXPENSE	7,770	8,007	8,008	8,008	6,287	26
AMORT. OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	27
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	28
OTHER INTEREST EXPENSE	180,990	3,238	5,874	3,833	62,846	29
TOTAL INTEREST CHARGES	563,891	396,769	399,736	398,022	355,379	30
INCOME BEFORE EXTRAORDINARY/DELAYED ITEMS	921,877	864,064	726,102	487,577	506,806	31
EXTRAORDINARY & DELAYED ITEMS - NET LESS TAX EFFECT	-	-	-	-	40-	32
NET INCOME	$ 921,877	$ 864,064	$ 726,102	$ 487,577	$ 506,766	33
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 3,312,853	$ 2,965,552	$ 2,645,210	$ 2,475,852	$ 2,226,728	34
TRANSFERRED FROM INCOME	921,877	864,064	726,102	487,577	506,766	35
MISCELLANEOUS CREDITS	-	-	-	-	-	36
MISCELLANEOUS DEBITS	-	-	-	-	-	37
APPROPRIATIONS	-	-	-	-	-	38
DIVIDENDS DECLARED-PREFERRED STOCK	-	-	-	-	-	39
-COMMON STOCK	575,588	516,763	405,760	318,219	257,642	40
BALANCE END OF YEAR	3,659,142	3,312,853	2,965,553	2,645,210	2,475,852	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 3,659,142	$ 3,312,853	$ 2,965,553	$ 2,645,210	$ 2,475,852	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME-PERCENT OF OPERATING REVENUES	15.1	15.6	14.2	11.4	12.9	44
PRETAX COVERAGE OF INTEREST CHARGES	3.4	4.6	3.8	2.9	3.1	45
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	62.4	59.8	55.8	65.2	50.8	46
RETURN ON COMMON EQUITY	19.7	19.9	18.1	12.9	14.3	47

SYLVAN LAKE TELEPHONE COMPANY, INC
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	TELEPHONE OPERATING REVENUES					
1	LOCAL REVENUES	$ 2,245,987	$ 2,363,530	$ 2,135,299	$ 1,899,139	$ 1,681,109
2	ACCESS REVENUES	2,736,682	2,406,069	-	-	-
3	TOLL REVENUES	273,803	138,373	2,589,354	2,066,385	2,017,557
4	MISCELLANEOUS REVENUES	858,889	631,168	416,207	311,453	248,605
5	UNCOLLECTIBLE REVENUES-DR	32,791	27,198	30,129	26,957	25,925
6	TOTAL OPERATING REVENUES	$ 6,082,570	$ 5,511,942	$ 5,110,731	$ 4,250,020	$ 3,921,346
7	ACCESS LINES IN SERVICE	12,376	11,728	10,952	10,198	9,735
	TELEPHONE OPERATING REVENUE RELATIONSHIPS					
	REVENUE PER AVERAGE ACCESS LINE*					
8	LOCAL REVENUE	$ 186.36	$ 208.42	$ 201.92	$ 190.55	$ 163.77
9	ACCESS REVENUE	227.07	212.18	-		
10	TOLL REVENUE	22.72	12.20	244.86	207.33	196.55

*YEAR END AVERAGE

LINE NO	ITEM	1987	1986	1985	1984	1983
	OPERATION AND MAINTENANCE EXPENSES					
11	MAINTENANCE EXPENSES	$ 1,216,905	$ 981,301	$ 967,661	$ 857,181	$ 772,481
12	DEPRECIATION & AMORTIZATION	896,026	971,792	915,696	757,250	685,354
13	TRAFFIC EXPENSES	89,592	31,163	186,836	123,060	60,350
14	COMMERCIAL EXPENSES	571,414	505,828	409,787	357,268	349,351
15	ACCESS EXPENSES	-	-	-	-	-
16	GENERAL OFFICE SALARIES & EXPENSES	686,175	593,424	510,493	360,382	312,016
17	OTHER OPERATING EXPENSES	372,908	257,242	293,400	216,187	224,895
18	TOTAL O & M EXPENSES	$ 3,833,020	$ 3,340,750	$ 3,283,873	$ 2,671,328	$ 2,404,447

SYLVAN LAKE TELEPHONE COMPANY, INC
DISTRIBUTION OF TELEPHONE REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
REVENUES	$ 6,082,570	$ 5,511,942	$ 5,110,731	$ 4,250,020	$ 3,921,346	1
ACCESS LINES - AVERAGE*	12,052	11,340	10,575	9,967	10,265	2
DOLLAR AMOUNTS						
WAGES AND BENEFITS	$ 458,606	$ 420,844	$ 399,696	$ 407,862	$ 458,261	3
OTHER OPERATION AND MAINTENANCE EXPENSES	2,478,388	1,948,114	1,968,481	1,506,216	1,260,832	4
DEPRECIATION AND AMORTIZATION EXPENSES	896,026	971,792	915,696	757,250	685,354	5
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	6
INCOME TAXES - OPERATING	413,580	540,773	345,960	245,816	245,694	7
OTHER TAXES - OPERATING	507,129	405,754	451,899	467,218	421,977	8
INTEREST CHARGES **	520,784	387,373	388,110	398,022	354,443	9
PREFERRED DIVIDENDS**	-	-	-	-	-	10
EARNINGS AVAILABLE FOR COMMON EQUITY	808,057	837,292	640,889	467,636	494,785	11
TOTAL	$ 6,082,570	$ 5,511,942	$ 5,110,731	$ 4,250,020	$ 3,921,346	12
PERCENT OF REVENUES						
WAGES AND BENEFITS	7.5	7.6	7.8	9.6	11.7	13
OTHER OPERATION AND MAINTENANCE EXPENSES	40.7	35.3	38.5	35.4	32.2	14
DEPRECIATION AND AMORTIZATION EXPENSES	14.7	17.6	17.9	17.8	17.5	15
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	16
INCOME TAXES - OPERATING	6.8	9.8	6.8	5.8	6.3	17
OTHER TAXES - OPERATING	8.3	7.4	8.8	11.0	10.8	18
INTEREST CHARGES**	8.6	7.0	7.6	9.4	9.0	19
PREFERRED DIVIDENDS **	-	-	-	-	-	20
EARNINGS AVAILABLE FOR COMMON EQUITY	13.3	15.2	12.5	11.0	12.6	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
DOLLARS PER AVERAGE ACCESS LINE PER MONTH						
WAGES AND BENEFITS	$ 3.17	$ 3.09	$ 3.15	$ 3.44	$ 3.72	23
OTHER OPERATION AND MAINTENANCE EXPENSES	17.14	14.32	15.51	12.59	10.24	24
DEPRECIATION AND AMORTIZATION EXPENSES	6.20	7.14	7.22	6.33	5.56	25
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	26
INCOME TAXES - OPERATING	2.86	3.97	2.73	2.06	1.99	27
OTHER TAXES - OPERATING	3.51	2.98	3.56	3.91	3.43	28
						29
INTEREST CHARGES **	3.60	2.85	3.06	3.33	2.88	
PREFERRED DIVIDENDS **	-	-	-	-	-	30
EARNINGS AVAILABLE FOR COMMON EQUITY	5.59	6.15	5.05	3.91	4.02	31
TOTAL	$ 42.06	$ 40.51	$ 40.27	$ 35.54	$ 31.83	32

* YEAR END AVERAGE

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TACONIC TELEPHONE CORPORATION
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF TELEPHONE PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	TELEPHONE PLANT	$ 28,764,042	$ 28,601,874	$ 25,024,793	$ 24,330,378	$ 22,919,339
2	ACCUM PROV FOR DEPR & AMORT	8,672,078	10,930,263	9,769,192	9,020,762	8,210,307
3	NET TELEPHONE PLANT	20,091,964	17,671,611	15,255,601	15,309,616	14,709,032
4	INVESTMENTS IN AFFILIATED COMPANIES	600,010	600,010	400,010	299,290	474,454
5	ADVANCES TO AFFILIATED COMPANIES	-	-	-	-	-
6	MISCELLANEOUS PHYSICAL PROPERTY	1,726	1,726	1,726	1,726	1,726
7	OTHER INVESTMENTS AND FUNDS	43,878	48,378	41,378	36,378	36,378
8	TOTAL INVESTMENTS AND FUNDS	645,614	650,114	443,114	337,394	512,558
9	CASH AND WORKING FUNDS	687,462	297,304	340,094	304,962	281,345
10	SPECIAL CASH DEPOSITS	15,513	11,165	630,721	60,390	258,592
11	TEMPORARY CASH INVESTMENTS	-	-	-	-	-
12	NOTES & ACCT'S REC -AFFILIATED CO'S	430,866	442,016	216,063	152,983	1,209
13	OTHER NOTES AND ACCOUNTS RECEIVABLE	529,566	500,627	475,717	656,614	165,407
14	DUE - CUST & AGENTS LESS ACCUM PROV - UNCOLLECTIBLE ACCTS	991,565	852,092	852,287	803,625	767,381
15	MATERIALS AND SUPPLIES	134,243	140,793	204,423	218,617	275,728
16	MERCH AND MATERIAL HELD FOR SALE	106,950	118,054	141,514	98,767	-
17	PREPAYMENTS	196,452	222,475	200,725	260,453	178,956
18	OTHER CURRENT AND ACCRUED ASSETS	59,781	59,780	63,595	58,783	54,260
19	TOTAL CURRENT AND ACCRUED ASSETS	3,152,398	2,644,306	3,125,139	2,615,194	1,982,878
20	UNAMORTIZED DEBT DISCOUNT AND EXPENSE	48,636	50,847	53,059	-	57,480
21	EXTRAORDINARY MAINTENANCE & RETIREMENTS	-	-	-	55,270	-
22	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
23	OTHER DEFERRED DEBITS	1,500	15,796	14,820	13,601	26,737
24	TOTAL DEFERRED DEBITS	50,136	66,643	67,879	68,871	84,217
25	TOTAL ASSETS AND OTHER DEBITS	23,940,112	$ 21,032,674	$ 18,891,733	$ 18,331,075	$ 17,288,685
	TELEPHONE PLANT					
26	PLANT IN SERVICE	$ 27,239,441	$ 25,442,668	$ 24,550,978	$ 23,911,450	$ 22,208,186
27	PLANT UNDER CONSTRUCTION	1,521,585	2,836,793	177,027	122,140	414,365
28	PROPERTY HELD FOR FUTURE USE	3,016	322,413	296,788	296,788	296,788
29	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
30	PLANT ADJUSTMENTS	-	-	-	-	-
31	TOTAL TELEPHONE UTILITY PLANT	28,764,042	28,601,874	25,024,793	24,330,378	22,919,339
32	ACCUM PROV FOR DEPR AND AMORT	8,672,078	10,930,263	9,769,192	9,020,762	8,210,307
33	NET TELEPHONE PLANT	20,091,964	17,671,611	15,255,601	15,309,616	14,709,032
	PLANT IN SERVICE					
34	BEGINNING OF YEAR	25,442,668	24,550,978	23,911,450	22,208,186	21,178,783
35	ADDITIONS	5,046,516	1,146,304	1,096,862	2,007,770	1,169,921
36	RETIREMENTS	3,569,092	205,658	457,334	304,506	140,518
37	TRANSFERS AND ADJUSTMENTS	319,349	48,956-	-	-	-
38	END OF YEAR	$ 27,239,441	$ 25,442,668	$ 24,550,978	$ 23,911,450	$ 22,208,186

TACONIC TELEPHONE CORPORATION
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 677,719	$ 677,719	$ 677,719	$ 677,719	$ 677,719	1
PREFERRED CAPITAL STOCK	-	-	-	52,500	91,300	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	7,170,714	6,280,522	6,003,011	5,361,530	5,162,498	9
TOTAL PROPRIETARY CAPITAL	7,848,433	6,958,241	6,680,730	6,091,749	5,931,517	10
BONDS(LESS BONDS REACQUIRED)	8,682,729	8,777,829	8,846,905	8,922,775	8,996,771	11
ADVANCES FROM AFFILIATED COMPANIES	-	-	-	-	-	12
OTHER LONG-TERM DEBT	-	-	-	-	-	13
TOTAL LONG-TERM DEBT	8,682,729	8,777,829	8,846,905	8,922,775	8,996,771	14
NOTES & ACCTS PAY TO AFFILIATED CO'S	71,945	20,698	-	17,934	-	15
OTHER NOTES AND ACCOUNTS PAYABLE	3,772,149	2,070,496	279,131	836,156	178,288	16
CUSTOMERS' DEPOSITS	92,448	94,148	98,613	121,332	110,130	17
ADVANCE BILLING AND PAYMENTS	8,728	12,730	7,267	7,267	7,267	18
TAXES ACCRUED	3,000	42,700	1,247	-	204,576	19
OTHER CURRENT AND ACCRUED LIABILITIES	279,557	29,580	25,973	8,555	51,075	20
TOTAL CURRENT AND ACCRUED LIABILITIES	4,227,827	2,270,352	412,231	991,244	551,336	21
UNAMORTIZED PREMIUM ON DEBT	-	-	-	-	-	22
ACCUM DEFERRED INVESTMENT TAX CREDITS	827,586	1,112,069	1,280,372	993,780	860,681	23
OTHER DEFERRED CREDITS	-	-	-	-	-	24
TOTAL DEFERRED CREDITS	827,586	1,112,069	1,280,372	993,780	860,681	25
OPERATING RESERVES	-	-	-	-	-	26
ACCUM DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION	2,326,980	1,876,415	1,619,485	1,273,764	918,142	27
ACCUM DEFERRED INCOME TAXES - OTHER	26,557	37,768	52,010	57,763	30,238	28
TOTAL LIABILITIES AND OTHER CREDITS	$ 23,940,112	$ 21,032,674	$ 18,891,733	$ 18,331,075	$ 17,288,685	29
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS/CURRENT LIABILITIES	0.75	1.16	7.58	2.64	3.60	30
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	52.5	55.7	56.9	59.4	60.2	31
PREFERRED STOCK	-	-	-	0.3	0.6	32
COMMON STOCK & OTHER PAID-IN CAPITAL	4.0	4.3	4.3	4.5	4.5	33
RETAINED EARNINGS	43.3	39.9	38.6	35.7	34.5	34
LONG TERM DEBT % OF GROSS UTILITY PLANT	30.1	30.6	35.3	36.6	39.2	35
ACCUM PROV FOR DEPR & AMORT %OF UTIL PLT	30.1	38.2	39.0	37.0	35.8	36

TACONIC TELEPHONE CORPORATION
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL					
1	NET INCOME	$ 1,187,485	$ 615,486	$ 839,366	$ 346,401	$ 650,259
2	DEPRECIATION AND AMORTIZATION	1,232,744	2,197,339	1,153,251	1,086,905	1,045,201
3	DEFERRED INCOME TAXES (NET)	154,871	74,385	626,560	516,246	369,430
4	INTEREST CAPITALIZED	135,872-	72,510-	16,907-	43,075-	35,769-
5	OTHER (NET)	-	-	-	-	-
6	SUBTOTAL	2,439,228	2,814,700	2,602,270	1,906,477	2,029,121
7	EXTRAORDINARY ITEMS	-	-	-	132,123	-
8	TOTAL FUNDS - INTERNAL SOURCES	2,439,228	2,814,700	2,602,270	2,038,600	2,029,121
9	LESS DIVIDENDS PREFERRED	-	-	1,313	4,106	6,045
	COMMON	297,293	337,975	297,293	275,386	250,352
11	NET FUNDS - INTERNAL SOURCES	2,141,935	2,476,725	2,303,664	1,759,108	1,772,724
	EXTERNAL					
12	LONG TERM DEBT	-	-	-	-	-
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	1,000,000	1,500,000	-	300,000	-
17	OTHER (NET)	-	-	-	-	-
18	TOTAL FUNDS - EXTERNAL SOURCES	1,000,000	1,500,000	-	300,000	-
	OTHER SOURCES					
19	NET DECREASE IN WORKING CAPITAL	463,678	835,140	-	-	-
20	OTHER	4,500	35,742	16,226	76,984	41,997
21	TOTAL FUNDS PROVIDED	$ 3,610,113	$ 4,847,607	$ 2,319,890	$ 2,136,092	$ 1,814,721
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
22	TELEPHONE PLANT	$ 3,650,885	$ 4,611,138	$ 1,097,025	$ 1,685,277	$ 1,098,188
23	NON-UTILITY PLANT	-	-	-	-	-
24	OTHER	-	-	-	-	-
25	TOTAL CONSTRUCTION	3,650,885	4,611,138	1,097,025	1,685,277	1,098,188
26	LESS INTEREST CAPITALIZED	135,872	72,510	16,907	43,075	35,769
27	TOTAL EXCLUDING INTEREST CAPITALIZED	3,515,013	4,538,628	1,080,118	1,642,202	1,062,419
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	95,100	69,076	75,870	73,996	59,275
29	PREFERRED STOCK	-	-	52,500	38,800	40,300
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	-	300,000	-	-
32	OTHER (NET)	-	-	-	-	-
33	TOTAL RETIREMENT OF SECURITIES	95,100	69,076	428,370	112,796	99,575
	OTHER USES					
34	NET INCREASE IN WORKING CAPITAL	-	-	784,146	312,722	593,514
35	OTHER	-	239,903	27,256	68,372	59,213
36	TOTAL FUNDS APPLIED	$ 3,610,113	$ 4,847,607	$ 2,319,890	$ 2,136,092	$ 1,814,721

TACONIC TELEPHONE CORPORATION
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM		1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS							
TELEPHONE OPERATING INCOME							
OPERATING REVENUES	$	10,796,596 $	9,246,093 $	9,488,477 $	8,610,449 $	8,330,925	1
OPERATION AND MAINTENANCE EXPENSE		5,623,129	5,126,986	4,817,463	4,548,244	4,238,159	2
EXTRAORDINARY RETIREMENTS		-	-	-	-	-	3
DEPRECIATION		1,230,532	1,297,610	1,151,040	1,084,693	1,042,989	4
AMORTIZATION		-	-	-	-	-	5
TAXES OTHER THAN INCOME TAXES-OPERATING		1,099,608	893,897	1,120,824	1,062,824	1,016,011	6
INCOME TAXES-OPERATING		290,820	377,748	275,022	162,045	224,760	7
OPERATING INCOME TAXES DEFERRED		459,515	217,473	356,511	396,080	323,661	8
INCOME TAXES DEFERRED IN PRIOR YEARS-CR		-	-	16,543-	12,933-	15,452-	9
TOTAL OPERATING EXPENSES		8,703,604	7,913,714	7,704,317	7,240,953	6,830,128	10
TOTAL TELEPHONE OPERATING INCOME		2,092,992	1,332,379	1,784,160	1,369,496	1,500,797	11
OTHER INCOME							
DIVIDEND INCOME		1,607	1,518	1,429	1,340	1,249	12
INTEREST INCOME		31,883	89,669	28,080	28,388	15,830	13
ALLOWANCE FOR CONSTRUCTION FUNDS		135,872	72,510	16,907	43,075	35,769	14
INCOME FROM SINKING AND OTHER FUNDS		-	-	-	-	-	15
INCOME FROM MISC. PHYSICAL PROPERTY		-	-	-	-	-	16
MISCELLANEOUS INCOME		10,566-	13,876-	13,831-	175,175-	49,946	17
TOTAL OTHER INCOME		158,796	149,821	32,585	102,372-	102,794	18
TOTAL INCOME		2,251,788	1,482,200	1,816,745	1,267,124	1,603,591	19
INCOME DEDUCTIONS							
TAXES OTHER THAN INC. TAXES-NONOPERATING		-	-	-	-	-	20
INCOME TAXES-NONOPERATING		-	-	-	-	-	21
MISCELLANEOUS INCOME CHARGES		96,884	14,313	1,685	2,282	1,175	22
TOTAL INCOME DEDUCTIONS		96,884	14,313	1,685	2,282	1,175	23
INCOME BEFORE INTEREST CHARGES		2,154,904	1,467,887	1,815,060	1,264,842	1,602,416	24
INTEREST CHARGES							
INTEREST ON LONG-TERM DEBT		812,667	819,792	967,152	900,589	928,969	25
AMORT. OF DEBT DISCOUNT AND EXPENSE		2,212	2,211	2,211	2,211	2,212	26
AMORT. OF PREMIUM ON DEBT-CREDIT		-	-	-	-	-	27
INTEREST ON DEBT TO ASSOCIATED COMPANIES		-	-	-	-	-	28
OTHER INTEREST EXPENSE		152,540	30,398	23,809	15,641	10,976	29
TOTAL INTEREST CHARGES		967,419	852,401	993,172	918,441	942,157	30
INCOME BEFORE EXTRAORDINARY/DELAYED ITEMS		1,187,485	615,486	821,888	346,40[illegible]	660,259	31
EXTRAORDINARY & DELAYED ITEMS - NET LESS TAX EFFECT		-	-	17,478	132,123	-	32
NET INCOME	$	1,187,485 $	615,486 $	839,366 $	478,524 $	660,259	33
RETAINED EARNINGS							
BEGINNING OF YEAR	$	6,280,522 $	6,003,011 $	5,462,250 $	5,162,498 $	4,758,636	34
TRANSFERRED FROM INCOME		1,187,485	615,486	839,366	478,524	660,259	35
MISCELLANEOUS CREDITS		-	-	-	-	-	36
MISCELLANEOUS DEBITS		-	-	-	-	-	37
APPROPRIATIONS		-	-	-	-	-	38
DIVIDENDS DECLARED-PREFERRED STOCK		-	-	1,312	4,106	6,045	39
-COMMON STOCK		297,293	337,975	297,293	275,386	250,352	40
BALANCE END OF YEAR		7,170,714	6,280,522	6,003,011	5,361,530	5,162,498	41
APPROPRIATED RETAINED EARNINGS		-	-	-	-	-	42
TOTAL END OF YEAR	$	7,170,714 $	6,280,522 $	6,003,011 $	5,361,530 $	5,162,498	43
SELECTED INCOME ACCOUNT RELATIONSHIPS							
NET INCOME-PERCENT OF OPERATING REVENUES		10.9	6.6	8.8	5.6	7.9	44
PRETAX COVERAGE OF INTEREST CHARGES		3.0	2.4	2.4	2.0	2.3	45
COMMON STOCK DIVIDENDS AS A % OF EARNINGS		25.0	54.9	35.4	58.0	38.3	46
RETURN ON COMMON EQUITY		16.0	9.0	13.[illegible]	7.9	11.4	47

TACONIC TELEPHONE CORPORATION
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	TELEPHONE OPERATING REVENUES					
1	LOCAL REVENUES	$ 3,037,996	$ 2,822,308	$ 2,662,188	$ 2,467,210	$ 2,262,429
2	ACCESS REVENUES	3,801,741	2,965,613	3,343,526	-	-
3	TOLL REVENUES	1,639,469	1,480,066	1,942,787	5,012,417	5,767,586
4	MISCELLANEOUS REVENUES	2,377,390	2,060,850	1,582,755	1,159,822	321,210
5	UNCOLLECTIBLE REVENUES-DR	60,000	82,744	42,779	29,000	20,300
6	TOTAL OPERATING REVENUES	$ 10,796,596	$ 9,246,093	$ 9,488,477	$ 8,610,449	$ 8,330,925
7	ACCESS LINES IN SERVICE	19,431	18,768	18,250	18,060	17,310
	TELEPHONE OPERATING REVENUE RELATIONSHIPS					
	REVENUE PER AVERAGE ACCESS LINE*					
8	LOCAL REVENUE	$ 159.06	$ 152.48	$ 146.64	$ 139.51	$ 133.84
9	ACCESS REVENUE	199.05	160.23	184.17		
10	TOLL REVENUE	85.84	79.96	107.01	283.43	341.20

*YEAR END AVERAGE

LINE NO	ITEM	1987	1986	1985	1984	1983
	OPERATION AND MAINTENANCE EXPENSES					
11	MAINTENANCE EXPENSES	$ 2,534,620	$ 2,195,128	$ 2,163,972	$ 2,179,758	$ 2,010,692
12	DEPRECIATION & AMORTIZATION	1,230,532	1,297,610	1,151,040	1,084,693	1,042,989
13	TRAFFIC EXPENSES	288,422	326,504	323,844	318,308	292,204
14	COMMERCIAL EXPENSES	584,145	586,000	584,389	542,974	556,432
15	ACCESS EXPENSES	-	-	-	-	-
16	GENERAL OFFICE SALARIES & EXPENSES	1,264,592	1,108,485	956,519	819,496	740,683
17	OTHER OPERATING EXPENSES	951,350	910,869	788,739	687,708	638,148
18	TOTAL O & M EXPENSES	$ 6,853,661	$ 6,424,596	$ 5,968,503	$ 5,632,937	$ 5,281,148

TACONIC TELEPHONE CORPORATION
DISTRIBUTION OF TELEPHONE REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
REVENUES	$ 10,796,596	$ 9,246,093	$ 9,488,477	$ 8,610,449	$ 8,330,925	1
ACCESS LINES - AVERAGE*	19,100	18,509	18,155	17,685	16,904	2
DOLLAR AMOUNTS						
WAGES AND BENEFITS	$ 3,096,786	$ 3,305,475	$ 2,868,738	$ 2,715,847	$ 2,488,683	3
OTHER OPERATION AND MAINTENANCE EXPENSES	2,526,343	1,821,511	1,948,725	1,832,397	1,749,476	4
DEPRECIATION AND AMORTIZATION EXPENSES	1,230,532	1,297,610	1,151,040	1,084,693	1,042,989	5
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	6
INCOME TAXES - OPERATING	750,335	595,221	614,990	545,192	532,969	7
OTHER TAXES - OPERATING	1,099,608	893,897	1,120,824	1,062,824	1,016,011	8
INTEREST CHARGES **	910,450	806,667	983,873	889,753	929,587	9
PREFERRED DIVIDENDS**	-	-	1,295	3,977	5,902	10
EARNINGS AVAILABLE FOR COMMON EQUITY	1,182,542	525,712	798,992	475,766	565,308	11
TOTAL	$ 10,796,596	$ 9,246,093	$ 9,488,477	$ 8,610,449	$ 8,330,925	12
PERCENT OF REVENUES						
WAGES AND BENEFITS	28.7	35.7	30.2	31.5	29.9	13
OTHER OPERATION AND MAINTENANCE EXPENSES	23.4	19.7	20.5	21.3	21.0	14
DEPRECIATION AND AMORTIZATION EXPENSES	11.4	14.0	12.1	12.6	12.5	15
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	16
INCOME TAXES - OPERATING	6.9	6.4	6.5	6.3	6.4	17
OTHER TAXES - OPERATING	10.2	9.7	11.8	12.3	12.2	18
INTEREST CHARGES**	8.4	8.7	10.4	10.3	11.2	19
PREFERRED DIVIDENDS **	-	-	-	-	0.1	20
EARNINGS AVAILABLE FOR COMMON EQUITY	11.0	5.7	8.4	5.5	6.8	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
DOLLARS PER AVERAGE ACCESS LINE PER MONTH						
WAGES AND BENEFITS	$ 13.51	$ 14.88	$ 13.17	$ 12.80	$ 12.27	23
OTHER OPERATION AND MAINTENANCE EXPENSES	11.02	8.20	8.94	8.63	8.62	24
DEPRECIATION AND AMORTIZATION EXPENSES	5.37	5.84	5.28	5.11	5.14	25
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	26
INCOME TAXES - OPERATING	3.27	2.68	2.82	2.57	2.63	27
OTHER TAXES - OPERATING	4.80	4.02	5.14	5.01	5.01	28
						29
INTEREST CHARGES **	3.97	3.63	4.52	4.19	4.58	
PREFERRED DIVIDENDS **	-	-	0.01	0.02	0.03	30
EARNINGS AVAILABLE FOR COMMON EQUITY	5.16	2.37	3.67	2.24	2.79	31
TOTAL	$ 47.11	$ 41.63	$ 43.55	$ 40.57	$ 41.07	32

* YEAR END AVERAGE

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TOWNSHIP TELEPHONE COMPANY, INC
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF TELEPHONE PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	TELEPHONE PLANT	$ 5,170,846	$ 4,456,211	$ 4,175,182	$ 3,724,306	$ 3,540,804
2	ACCUM PROV FOR DEPR & AMORT	1,501,723	1,511,329	1,323,510	1,368,825	1,216,698
3	NET TELEPHONE PLANT	3,669,123	2,944,882	2,851,672	2,355,481	2,324,106
4	INVESTMENTS IN AFFILIATED COMPANIES	-	-	-	-	-
5	ADVANCES TO AFFILIATED COMPANIES	-	-	-	-	-
6	MISCELLANEOUS PHYSICAL PROPERTY	247,600	17,262	9,656	-	1,500
7	OTHER INVESTMENTS AND FUNDS	33,500	20,000	8,000	-	-
8	TOTAL INVESTMENTS AND FUNDS	281,100	37,262	17,656	-	1,500
9	CASH AND WORKING FUNDS	128,944	181,588	44,707	103,875	15,661
10	SPECIAL CASH DEPOSITS	-	-	-	-	-
11	TEMPORARY CASH INVESTMENTS	-	-	-	-	-
12	NOTES & ACCT'S REC -AFFILIATED CO'S	-	-	-	-	-
13	OTHER NOTES AND ACCOUNTS RECEIVABLE	55,952	47,308	30,801	60,958	1,203
14	DUE - CUST & AGENTS LESS ACCUM PROV - UNCOLLECTIBLE ACCTS	107,187	89,861	90,810	106,390	86,129
15	MATERIALS AND SUPPLIES	66,660	47,755	32,371	31,357	26,360
16	MERCH AND MATERIAL HELD FOR SALE	968	2,244	2,811	3,962	2,551
17	PREPAYMENTS	111,095	93,722	81,764	83,288	72,444
18	OTHER CURRENT AND ACCRUED ASSETS	46,722	37,253	28,585	17,896	12,734
19	TOTAL CURRENT AND ACCRUED ASSETS	517,528	499,731	311,849	407,726	217,082
20	UNAMORTIZED DEBT DISCOUNT AND EXPENSE	34,276	36,405	38,534	40,664	42,793
21	EXTRAORDINARY MAINTENANCE & RETIREMENTS	-	-	-	-	-
22	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
23	OTHER DEFERRED DEBITS	63,920	7,614	-	3,000	-
24	TOTAL DEFERRED DEBITS	98,196	44,019	38,534	43,664	42,793
25	TOTAL ASSETS AND OTHER DEBITS	4,565,947	$ 3,525,894	$ 3,219,711	$ 2,806,871	$ 2,585,481
	TELEPHONE PLANT					
26	PLANT IN SERVICE	$ 4,543,257	$ 4,444,293	$ 4,113,986	$ 3,652,318	$ 3,507,199
27	PLANT UNDER CONSTRUCTION	627,589	6,442	50,244	55,560	11,701
28	PROPERTY HELD FOR FUTURE USE	-	-	-	-	-
29	PLANT ACQUISITION ADJUSTMENTS	-	5,476	10,952	-	-
30	PLANT ADJUSTMENTS	-	-	-	16,428	21,904
31	TOTAL TELEPHONE UTILITY PLANT	5,170,846	4,456,211	4,175,182	3,724,306	3,540,804
32	ACCUM PROV FOR DEPR AND AMORT	1,501,723	1,511,329	1,323,510	1,368,825	1,216,698
33	NET TELEPHONE PLANT	3,669,123	2,944,882	2,851,672	2,355,481	2,324,106
	PLANT IN SERVICE					
34	BEGINNING OF YEAR	4,444,293	4,113,986	3,652,320	3,507,199	3,216,585
35	ADDITIONS	351,851	345,838	748,431	165,991	311,718
36	RETIREMENTS	43,490	15,294	276,994	20,870	21,104
37	TRANSFERS AND ADJUSTMENTS	209,397-	237-	9,771-	-	-
38	END OF YEAR	$ 4,543,257	$ 4,444,293	$ 4,113,986	$ 3,652,320	$ 3,507,199

TOWNSHIP TELEPHONE COMPANY, INC
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 48,400	$ 48,400	$ 48,400	$ 48,400	$ 48,400	1
PREFERRED CAPITAL STOCK	47,770	47,670	47,520	47,520	47,520	2
STOCK LIABILITY FOR CONVERSION	-	100	250	250	250	3
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	30,339	30,339	30,339	30,339	30,339	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	973,711	714,062	500,672	411,204	262,563	9
TOTAL PROPRIETARY CAPITAL	1,100,220	840,571	627,181	537,713	389,072	10
BONDS (LESS BONDS REACQUIRED)	-	-	-	-	-	11
ADVANCES FROM AFFILIATED COMPANIES	-	-	-	-	-	12
OTHER LONG-TERM DEBT	2,034,650	1,756,050	1,812,461	1,866,688	1,917,434	13
TOTAL LONG-TERM DEBT	2,034,650	1,756,050	1,812,461	1,866,688	1,917,434	14
NOTES & ACCTS PAY TO AFFILIATED CO S	-	-	-	-	-	15
OTHER NOTES AND ACCOUNTS PAYABLE	621,654	462,700	496,614	162,674	129,703	16
CUSTOMERS DEPOSITS	780	780	1,020	7,904	8,706	17
ADVANCE BILLING AND PAYMENTS	-	-	-	-	-	18
TAXES ACCRUED	51,670	12,005	2,545	1,748	2,066	19
OTHER CURRENT AND ACCRUED LIABILITIES	40,979	31,893	33,434	32,070	31,692	20
TOTAL CURRENT AND ACCRUED LIABILITIES	715,083	507,378	533,613	204,396	172,167	21
UNAMORTIZED PREMIUM ON DEBT	-	-	-	-	-	22
ACCUM DEFERRED INVESTMENT TAX CREDITS	151,706	123,451	84,545	92,210	50,024	23
OTHER DEFERRED CREDITS	230,840	45,863	2,900	-	1,250	24
TOTAL DEFERRED CREDITS	382,546	169,314	87,445	92,210	51,274	25
OPERATING RESERVES	-	-	-	-	-	26
ACCUM DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION	333,448	252,581	159,011	105,864	61,434	27
ACCUM DEFERRED INCOME TAXES - OTHER	-	-	-	-	5,900-	28
TOTAL LIABILITIES AND OTHER CREDITS	$ 4,565,947	$ 3,525,894	$ 3,219,711	$ 2,806,871	$ 2,585,481	29
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS/CURRENT LIABILITIES	0.72	0.98	0.58	1.99	1.26	30
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	64.9	67.6	74.2	77.6	83.1	31
PREFERRED STOCK	1.5	1.8	1.9	1.9	2.0	32
COMMON STOCK & OTHER PAID-IN CAPITAL	2.5	3.0	3.2	3.2	3.4	33
RETAINED EARNINGS	31.0	27.4	20.5	17.1	11.3	34
LONG TERM DEBT % OF GROSS UTILITY PLANT	39.3	39.4	43.4	50.1	54.1	35
ACCUM PROV FOR DEPR & AMORT %OF UTIL PLT	29.0	33.9	31.6	36.7	34.3	36

TOWNSHIP TELEPHONE COMPANY, INC
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL					
1	NET INCOME	$ 262,515	$ 216,257	$ 92,334	$ 151,412	$ 93,839
2	DEPRECIATION AND AMORTIZATION	250,267	208,137	184,247	172,846	159,920
3	DEFERRED INCOME TAXES (NET)	109,122	132,476	45,482	92,516	54,879
4	INTEREST CAPITALIZED	-	-	-	-	-
5	OTHER (NET)	6,935-	286	58,053	7,758	-
6	SUBTOTAL	614,969	557,156	380,116	424,532	308,638
7	EXTRAORDINARY ITEMS	-	-	-	95	23,653
8	TOTAL FUNDS - INTERNAL SOURCES	614,969	557,156	380,116	424,627	332,291
9	LESS DIVIDENDS PREFERRED	2,866	2,867	2,866	2,866	2,866
	COMMON	-	-	-	-	-
11	NET FUNDS - INTERNAL SOURCES	612,103	554,289	377,250	421,761	329,425
	EXTERNAL					
12	LONG TERM DEBT	336,700	-	-	-	108,000
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	55,000	41,131	303,420	-	-
17	OTHER (NET)	38,500-	38,500	-	-	-
18	TOTAL FUNDS - EXTERNAL SOURCES	353,200	79,631	303,420	-	108,000
	OTHER SOURCES					
19	NET DECREASE IN WORKING CAPITAL	78,602	-	124,674	-	-
20	OTHER	695	287	-	250	13,360
21	TOTAL FUNDS PROVIDED	$ 1,044,600	$ 634,207	$ 805,344	$ 422,011	$ 450,785
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
22	TELEPHONE PLANT	$ 973,000	$ 301,799	$ 743,117	$ 209,850	$ 267,822
23	NON-UTILITY PLANT	-	-	-	-	-
24	OTHER	-	-	-	-	-
25	TOTAL CONSTRUCTION	973,000	301,799	743,117	209,850	267,822
26	LESS INTEREST CAPITALIZED	-	-	-	-	-
27	TOTAL EXCLUDING INTEREST CAPITALIZED	973,000	301,799	743,117	209,850	267,822
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	58,100	56,411	54,227	50,746	49,382
29	PREFERRED STOCK	-	-	-	-	-
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	-	-	14,359	13,070
32	OTHER (NET)	-	-	-	-	-
33	TOTAL RETIREMENT OF SECURITIES	58,100	56,411	54,227	65,105	62,452
	OTHER USES					
34	NET INCREASE IN WORKING CAPITAL	-	263,997	-	144,056	120,511
35	OTHER	13,500	12,000	8,000	3,000	-
36	TOTAL FUNDS APPLIED	$ 1,044,600	$ 634,207	$ 805,344	$ 422,011	$ 450,785

TOWNSHIP TELEPHONE COMPANY, INC
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM		1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS							
TELEPHONE OPERATING INCOME							
OPERATING REVENUES	$	1,603,316 $	1,378,522 $	1,102,942 $	1,121,504 $	939,917	1
OPERATION AND MAINTENANCE EXPENSE		700,158	585,128	548,796	486,025	417,600	2
EXTRAORDINARY RETIREMENTS		-	-	-	-	-	3
DEPRECIATION		233,132	189,743	167,358	156,765	145,054	4
AMORTIZATION		-	-	-	-	-	5
TAXES OTHER THAN INCOME TAXES-OPERATING		157,864	144,702	143,289	145,886	131,482	6
INCOME TAXES-OPERATING		107,759	55,384	-	60,020	36,699	7
OPERATING INCOME TAXES DEFERRED		68,147	93,570	53,779	44,430	37,400	8
INCOME TAXES DEFERRED IN PRIOR YEARS-CR		3,183-	-	633-	-	7,153-	9
TOTAL OPERATING EXPENSES		1,263,877	1,068,527	912,589	893,126	761,082	10
TOTAL TELEPHONE OPERATING INCOME		339,439	309,995	190,353	228,378	178,835	11
OTHER INCOME							
DIVIDEND INCOME		-	-	-	-	-	12
INTEREST INCOME		6,136	2,033	2,022	1,743	-	13
ALLOWANCE FOR CONSTRUCTION FUNDS		-	-	-	-	-	14
INCOME FROM SINKING AND OTHER FUNDS		-	-	-	-	-	15
INCOME FROM MISC. PHYSICAL PROPERTY		4,769	4,563	4,223	3,038	-	16
MISCELLANEOUS INCOME		15,996	13,196	9,304	7,664	6,759	17
TOTAL OTHER INCOME		26,901	19,792	15,549	12,445	6,759	18
TOTAL INCOME		366,340	329,787	205,902	240,823	185,594	19
INCOME DEDUCTIONS							
TAXES OTHER THAN INC. TAXES-NONOPERATING		-	-	-	-	-	20
INCOME TAXES-NONOPERATING		2,398	2,752	-	116	-	21
MISCELLANEOUS INCOME CHARGES		6,202	7,834	11,783	12,395	14,748	22
TOTAL INCOME DEDUCTIONS		8,600	10,586	11,783	12,511	14,748	23
INCOME BEFORE INTEREST CHARGES		357,740	319,201	194,119	228,312	170,846	24
INTEREST CHARGES							
INTEREST ON LONG-TERM DEBT		74,648	65,846	67,431	68,886	68,885	25
AMORT. OF DEBT DISCOUNT AND EXPENSE		2,129	2,129	2,129	2,130	2,129	26
AMORT. OF PREMIUM ON DEBT-CREDIT		-	-	-	-	-	27
INTEREST ON DEBT TO ASSOCIATED COMPANIES		-	-	-	-	-	28
OTHER INTEREST EXPENSE		18,448	34,969	32,225	5,884	5,993	29
TOTAL INTEREST CHARGES		95,225	102,944	101,785	76,900	77,007	30
INCOME BEFORE EXTRAORDINARY/DELAYED ITEMS		262,515	216,257	92,334	151,412	93,839	31
EXTRAORDINARY & DELAYED ITEMS - NET LESS TAX EFFECT		-	-	-	95	23,653	32
NET INCOME	$	262,515 $	216,257 $	92,334 $	151,507 $	117,492	33
RETAINED EARNINGS							
BEGINNING OF YEAR	$	714,062 $	500,672 $	411,204 $	262,563 $	147,937	34
TRANSFERRED FROM INCOME		262,515	216,257	92,334	151,507	117,492	35
MISCELLANEOUS CREDITS		-	-	-	-	-	36
MISCELLANEOUS DEBITS		-	-	-	-	-	37
APPROPRIATIONS		-	-	-	-	-	38
DIVIDENDS DECLARED-PREFERRED STOCK		2,866	2,867	2,866	2,866	2,866	39
-COMMON STOCK		-	-	-	-	-	40
BALANCE END OF YEAR		973,711	714,062	500,672	411,204	262,563	41
APPROPRIATED RETAINED EARNINGS		-	-	-	-	-	42
TOTAL END OF YEAR	$	973,711 $	714,062 $	500,672 $	411,204 $	262,563	43
SELECTED INCOME ACCOUNT RELATIONSHIPS							
NET INCOME-PERCENT OF OPERATING REVENUES		16.3	15.6	8.3	13.5	12.5	44
PRETAX COVERAGE OF INTEREST CHARGES		5.5	4.5	2.4	4.2	3.0	45
COMMON STOCK DIVIDENDS AS A % OF EARNINGS		-	-	-	-	-	46
RETURN ON COMMON EQUITY		28.1	31.0	16.7	35.7	40.3	47

TOWNSHIP TELEPHONE COMPANY, INC
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	TELEPHONE OPERATING REVENUES					
1	LOCAL REVENUES	$ 567,454	$ 555,054	$ 407,913	$ 393,392	$ 372,798
2	ACCESS REVENUES	515,891	367,917	243,418	-	-
3	TOLL REVENUES	428,958	387,952	403,939	681,849	558,065
4	MISCELLANEOUS REVENUES	90,894	77,530	59,866	48,957	15,838
5	UNCOLLECTIBLE REVENUES-DR	119-	9,931	12,194	2,694	6,784
6	TOTAL OPERATING REVENUES	$ 1,603,316	$ 1,378,522	$ 1,102,942	$ 1,121,504	$ 939,917
7	ACCESS LINES IN SERVICE	5,033	4,704	4,436	4,221	4,060
	TELEPHONE OPERATING REVENUE RELATIONSHIPS					
	REVENUE PER AVERAGE ACCESS LINE*					
8	LOCAL REVENUE	$ 116.56	$ 121.46	$ 94.24	$ 95.01	$ 93.40
9	ACCESS REVENUE	105.97	80.51	56.24		
10	TOLL REVENUE	88.11	84.89	93.32	164.68	139.81

*YEAR END AVERAGE

LINE NO	ITEM	1987	1986	1985	1984	1983
	OPERATION AND MAINTENANCE EXPENSES					
11	MAINTENANCE EXPENSES	$ 324,619	$ 249,115	$ 234,472	$ 205,839	$ 168,339
12	DEPRECIATION & AMORTIZATION	233,132	189,743	167,358	156,765	145,054
13	TRAFFIC EXPENSES	25,445	21,901	28,780	25,925	23,052
14	COMMERCIAL EXPENSES	64,691	66,053	66,218	48,259	50,182
15	ACCESS EXPENSES	-	-	-	-	-
16	GENERAL OFFICE SALARIES & EXPENSES	137,800	116,484	107,975	101,667	93,332
17	OTHER OPERATING EXPENSES	147,603	131,575	111,351	104,335	82,695
18	TOTAL O & M EXPENSES	$ 933,290	$ 774,871	$ 716,154	$ 642,790	$ 562,654

TOWNSHIP TELEPHONE COMPANY, INC
DISTRIBUTION OF TELEPHONE REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
REVENUES	$ 1,603,316	$ 1,378,522	$ 1,102,942	$ 1,121,504	$ 939,917	1
ACCESS LINES - AVERAGE*	4,869	4,570	4,329	4,141	3,992	2
DOLLAR AMOUNTS						
WAGES AND BENEFITS	$ 440,820	$ 356,436	$ 315,568	$ 283,709	$ 243,527	3
OTHER OPERATION AND MAINTENANCE EXPENSES	259,338	228,692	233,228	202,316	174,073	4
DEPRECIATION AND AMORTIZATION EXPENSES	233,132	189,743	167,358	156,765	145,054	5
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	6
INCOME TAXES - OPERATING	172,723	148,954	53,146	104,450	66,946	7
OTHER TAXES - OPERATING	157,864	144,702	143,289	145,886	131,482	8
INTEREST CHARGES **	95,225	102,944	101,785	76,900	77,007	9
PREFERRED DIVIDENDS**	2,866	2,867	2,866	2,866	2,866	10
EARNINGS AVAILABLE FOR COMMON EQUITY	241,348	204,184	85,702	148,612	98,962	11
TOTAL	$ 1,603,316	$ 1,378,522	$ 1,102,942	$ 1,121,504	$ 939,917	12
PERCENT OF REVENUES						
WAGES AND BENEFITS	27.5	25.9	28.6	25.3	25.9	13
OTHER OPERATION AND MAINTENANCE EXPENSES	16.2	16.6	21.1	18.0	18.5	14
DEPRECIATION AND AMORTIZATION EXPENSES	14.5	13.8	15.2	14.0	15.4	15
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	16
INCOME TAXES - OPERATING	10.8	10.8	4.8	9.3	7.1	17
OTHER TAXES - OPERATING	9.8	10.5	13.0	13.0	14.0	18
INTEREST CHARGES**	5.9	7.5	9.2	6.9	8.2	19
PREFERRED DIVIDENDS **	0.2	0.2	0.3	0.3	0.3	20
EARNINGS AVAILABLE FOR COMMON EQUITY	15.1	14.8	7.8	13.3	10.5	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
DOLLARS PER AVERAGE ACCESS LINE PER MONTH						
WAGES AND BENEFITS	$ 7.55	$ 6.50	$ 6.08	$ 5.71	$ 5.08	23
OTHER OPERATION AND MAINTENANCE EXPENSES	4.44	4.17	4.49	4.07	3.63	24
DEPRECIATION AND AMORTIZATION EXPENSES	3.99	3.46	3.22	3.16	3.03	25
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	26
INCOME TAXES - OPERATING	2.96	2.72	1.02	2.10	1.40	27
OTHER TAXES - OPERATING	2.70	2.64	2.76	2.94	2.75	28
						29
INTEREST CHARGES **	1.63	1.88	1.96	1.55	1.61	
PREFERRED DIVIDENDS **	0.05	0.05	0.06	0.06	0.06	30
EARNINGS AVAILABLE FOR COMMON EQUITY	4.13	3.72	1.65	2.99	2.07	31
TOTAL	$ 27.44	$ 25.14	$ 21.23	$ 22.57	$ 19.62	32

* YEAR END AVERAGE

**NET OF AFC

TRUMANSBURG HOME TELEPHONE COMPANY
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF TELEPHONE PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	TELEPHONE PLANT	$ 6,932,242	$ 6,256,502	$ 5,876,331	$ 5,488,192	$ 5,036,616
2	ACCUM PROV FOR DEPR & AMORT	2,866,870	2,501,056	2,276,620	1,999,753	1,831,988
3	NET TELEPHONE PLANT	4,065,372	3,755,446	3,599,711	3,488,439	3,204,628
4	INVESTMENTS IN AFFILIATED COMPANIES	102,490	102,394	94,070	83,993	56,042
5	ADVANCES TO AFFILIATED COMPANIES	29,000	-	-	-	-
6	MISCELLANEOUS PHYSICAL PROPERTY	-	11,890	4,233	5,236	3,094
7	OTHER INVESTMENTS AND FUNDS	35,130	20,000	8,000	3,000	-
8	TOTAL INVESTMENTS AND FUNDS	166,620	134,284	106,303	92,229	59,136
9	CASH AND WORKING FUNDS	778,258	666,749	553,149	151,724	262,855
10	SPECIAL CASH DEPOSITS	175	-	-	-	-
11	TEMPORARY CASH INVESTMENTS	50,000	176,568	69,269	471,253	58,146
12	NOTES & ACCT'S REC -AFFILIATED CO'S	439,838	41,339	70,243	4,890	2,378
13	OTHER NOTES AND ACCOUNTS RECEIVABLE	189,225	429,593	457,345	132,260	76,959
14	DUE - CUST & AGENTS LESS ACCUM PROV - UNCOLLECTIBLE ACCTS	9,857	183,956	-	274,527	221,528
15	MATERIALS AND SUPPLIES	257,895	242,837	146,212	139,186	115,078
16	MERCH AND MATERIAL HELD FOR SALE	-	1,055	-	1,252	-
17	PREPAYMENTS	26,674	23,035	10,553	6,339	14,846
18	OTHER CURRENT AND ACCRUED ASSETS	239,507	164,468	180,517	137,676	155,444
19	TOTAL CURRENT AND ACCRUED ASSETS	1,991,429	1,929,600	1,487,288	1,319,107	907,234
20	UNAMORTIZED DEBT DISCOUNT AND EXPENSE	-	3,754	4,451	5,149	5,847
21	EXTRAORDINARY MAINTENANCE & RETIREMENTS	-	-	-	-	-
22	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
23	OTHER DEFERRED DEBITS	-	22,768	26,419	9,461	18,450
24	TOTAL DEFERRED DEBITS	-	26,522	30,870	14,610	24,297
25	TOTAL ASSETS AND OTHER DEBITS	6,223,421	$ 5,845,852	$ 5,224,172	$ 4,914,385	$ 4,195,295
	TELEPHONE PLANT					
26	PLANT IN SERVICE	$ 6,866,678	$ 6,051,676	$ 5,760,193	$ 5,371,035	$ 5,007,558
27	PLANT UNDER CONSTRUCTION	65,564	204,826	116,138	93,900	29,058
28	PROPERTY HELD FOR FUTURE USE	-	-	-	23,257	-
29	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
30	PLANT ADJUSTMENTS	-	-	-	-	-
31	TOTAL TELEPHONE UTILITY PLANT	6,932,242	6,256,502	5,876,331	5,488,192	5,036,616
32	ACCUM PROV FOR DEPR AND AMORT	2,866,870	2,501,056	2,276,620	1,999,753	1,831,988
33	NET TELEPHONE PLANT	4,065,372	3,755,446	3,599,711	3,488,439	3,204,628
	PLANT IN SERVICE					
34	BEGINNING OF YEAR	6,051,676	5,760,193	5,371,035	5,007,558	4,685,405
35	ADDITIONS	1,030,960	439,529	429,429	423,157	370,933
36	RETIREMENTS	215,958	148,046	40,271	59,680	48,780
37	TRANSFERS AND ADJUSTMENTS	-	-	-	-	-
38	END OF YEAR	$ 6,866,678	$ 6,051,676	$ 5,760,193	$ 5,371,035	$ 5,007,558

TRUMANSBURG HOME TELEPHONE COMPANY
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	-	$ 240,000	$ 240,000	$ 240,000	$ 240,000	1
PREFERRED CAPITAL STOCK	240,000	245,000	245,000	245,000	245,000	2
STOCK LIABILITY FOR CONVERSION	245,000	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	4
CAPITAL STOCK SUBSCRIBED	42,600	42,600	42,600	42,600	42,600	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	3,564,620	3,126,022	2,741,769	2,401,085	1,881,712	9
TOTAL PROPRIETARY CAPITAL	4,092,220	3,653,622	3,269,369	2,928,685	2,409,312	10
BONDS(LESS BONDS REACQUIRED)	423,500	678,500	683,500	688,500	693,500	11
ADVANCES FROM AFFILIATED COMPANIES	-	-	-	-	-	12
OTHER LONG-TERM DEBT	250,000	-	-	-	-	13
TOTAL LONG-TERM DEBT	673,500	678,500	683,500	688,500	693,500	14
NOTES & ACCTS PAY TO AFFILIATED CO'S	109,812	104,330	206,062	28,669	49,009	15
OTHER NOTES AND ACCOUNTS PAYABLE	260,340	266,817	127,437	255,802	195,108	16
CUSTOMERS' DEPOSITS	5,020	7,440	-	15,342	15,835	17
ADVANCE BILLING AND PAYMENTS	35,884	30,607	28,558	29,917	21,580	18
TAXES ACCRUED	106,729	139,722	48,863	184,664	140,379	19
OTHER CURRENT AND ACCRUED LIABILITIES	64,657	50,394	28,159	32,008	29,426	20
TOTAL CURRENT AND ACCRUED LIABILITIES	582,442	599,310	439,079	546,402	451,337	21
UNAMORTIZED PREMIUM ON DEBT	-	-	-	-	-	22
ACCUM DEFERRED INVESTMENT TAX CREDITS	229,509	249,303	268,648	245,168	218,818	23
OTHER DEFERRED CREDITS	44,698	21,617	-	1,934	3,869	24
TOTAL DEFERRED CREDITS	274,207	270,920	268,648	247,102	222,687	25
OPERATING RESERVES	36,955	45,964	-	2,500	2,500	26
ACCUM DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION	560,832	572,147	533,953	469,886	391,843	27
ACCUM DEFERRED INCOME TAXES - OTHER	3,265	25,389	29,623	31,310	24,116	28
TOTAL LIABILITIES AND OTHER CREDITS	$ 6,223,421	$ 5,845,852	$ 5,224,172	$ 4,914,385	$ 4,195,295	29
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS/CURRENT LIABILITIES	3.42	3.22	3.39	2.41	2.01	30
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	14.1	15.6	17.2	19.0	22.3	31
PREFERRED STOCK	5.0	5.6	6.1	6.7	7.8	32
COMMON STOCK & OTHER PAID-IN CAPITAL	6.0	6.5	7.1	7.8	9.1	33
RETAINED EARNINGS	74.7	72.1	69.3	66.3	60.6	34
LONG TERM DEBT % OF GROSS UTILITY PLANT	9.7	10.8	11.6	12.5	13.7	35
ACCUM PROV FOR DEPR & AMORT %OF UTIL PLT	41.3	39.9	38.7	36.4	36.3	36

TRUMANSBURG HOME TELEPHONE COMPANY
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL					
1	NET INCOME	$ 533,144	$ 460,713	$ 403,298	$ 578,878	$ 388,160
2	DEPRECIATION AND AMORTIZATION	559,459	372,879	331,016	242,856	230,337
3	DEFERRED INCOME TAXES (NET)	53,233-	14,615	85,860	111,587	86,751
4	INTEREST CAPITALIZED	22,147-	4,623-	5,710-	1,985-	2,448-
5	OTHER (NET)	44,586-	-	40,241-	-	-
6	SUBTOTAL	972,637	843,584	774,223	931,336	702,800
7	EXTRAORDINARY ITEMS	-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	972,637	843,584	774,223	931,336	702,800
9	LESS DIVIDENDS PREFERRED	15,701	15,701	15,700	15,700	15,700
	COMMON	78,845	60,759	46,912	43,803	41,260
11	NET FUNDS - INTERNAL SOURCES	878,091	767,124	711,611	871,833	645,840
	EXTERNAL					
12	LONG TERM DEBT	250,000	488,500	-	-	-
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	-	-	-	-	13,080
17	OTHER (NET)	-	-	-	-	-
18	TOTAL FUNDS - EXTERNAL SOURCES	250,000	488,500	-	-	13,080
	OTHER SOURCES					
19	NET DECREASE IN WORKING CAPITAL	5,837	-	-	-	-
20	OTHER	46,988	-	13,035	29,909	13,159
21	TOTAL FUNDS PROVIDED	$ 1,180,916	$ 1,255,624	$ 724,646	$ 901,742	$ 672,079
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
22	TELEPHONE PLANT	$ 891,698	$ 528,217	$ 451,667	$ 511,256	$ 331,695
23	NON-UTILITY PLANT	23,240	7,657	-	-	-
24	OTHER	-	-	-	12,951	37,167
25	TOTAL CONSTRUCTION	914,938	535,874	451,667	524,207	368,862
26	LESS INTEREST CAPITALIZED	22,147	4,623	5,710	1,985	2,448
27	TOTAL EXCLUDING INTEREST CAPITALIZED	892,791	531,251	445,957	522,222	366,414
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	255,000	493,500	5,000	5,000	5,000
29	PREFERRED STOCK	-	-	-	-	-
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	9,150	-	4,650	950	-
32	OTHER (NET)	-	-	-	-	-
33	TOTAL RETIREMENT OF SECURITIES	264,150	493,500	9,650	5,950	5,000
	OTHER USES					
34	NET INCREASE IN WORKING CAPITAL	-	218,227	267,278	328,948	269,055
35	OTHER	23,975	12,646	1,761	44,622	31,610
36	TOTAL FUNDS APPLIED	$ 1,180,916	$ 1,255,624	$ 724,646	$ 901,742	$ 672,079

TRUMANSBURG HOME TELEPHONE COMPANY
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
TELEPHONE OPERATING INCOME						
OPERATING REVENUES	$ 3,060,212	$ 2,795,918	$ 2,413,343	$ 2,499,072	$ 2,088,565	1
OPERATION AND MAINTENANCE EXPENSE	1,512,998	1,409,522	1,148,642	1,035,031	968,091	2
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	3
DEPRECIATION	526,417	347,707	307,528	220,916	208,868	4
AMORTIZATION	-	-	-	-	-	5
TAXES OTHER THAN INCOME TAXES-OPERATING	215,035	270,921	278,273	256,260	217,885	6
INCOME TAXES-OPERATING	297,263	240,849	156,830	271,750	170,653	7
OPERATING INCOME TAXES DEFERRED	35,250-	33,478	62,257	85,332	61,753	8
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	-	-	-	-	-	9
TOTAL OPERATING EXPENSES	2,516,463	2,302,477	1,953,530	1,869,289	1,627,250	10
TOTAL TELEPHONE OPERATING INCOME	543,749	493,441	459,813	629,783	461,315	11
OTHER INCOME						
DIVIDEND INCOME	-	-	-	-	-	12
INTEREST INCOME	68,563	77,966	58,641	67,978	27,466	13
ALLOWANCE FOR CONSTRUCTION FUNDS	22,147	4,623	5,710	1,985	2,448	14
INCOME FROM SINKING AND OTHER FUNDS	-	-	-	-	-	15
INCOME FROM MISC. PHYSICAL PROPERTY	16,795	20-	526	1,191	1,039	16
MISCELLANEOUS INCOME	13,538	19,504	10,131	19,035	13,413	17
TOTAL OTHER INCOME	121,043	102,073	75,008	90,189	44,366	18
TOTAL INCOME	664,792	595,514	534,821	719,972	505,681	19
INCOME DEDUCTIONS						
TAXES OTHER THAN INC. TAXES-NONOPERATING	2,263	2,573	2,199	2,549	1,030	20
INCOME TAXES-NONOPERATING	35,225	33,841	25,485	31,504	12,337	21
MISCELLANEOUS INCOME CHARGES	14,661	5,410	1,816	1,904	1,923	22
TOTAL INCOME DEDUCTIONS	52,149	41,824	29,500	35,957	15,290	23
INCOME BEFORE INTEREST CHARGES	612,643	553,690	505,321	684,015	490,391	24
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	65,763	80,890	89,325	89,535	90,075	25
AMORT. OF DEBT DISCOUNT AND EXPENSE	698	698	698	698	699	26
AMORT. OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	27
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	28
OTHER INTEREST EXPENSE	13,038	11,389	12,000	14,904	11,457	29
TOTAL INTEREST CHARGES	79,499	92,977	102,023	105,137	102,231	30
INCOME BEFORE EXTRAORDINARY/DELAYED ITEMS	533,144	460,713	403,298	578,878	388,160	31
EXTRAORDINARY & DELAYED ITEMS - NET LESS TAX EFFECT	-	-	-	-	-	32
NET INCOME	$ 533,144	$ 460,713	$ 403,298	$ 578,878	$ 388,160	33
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 3,126,022	$ 2,741,769	$ 2,401,087	$ 1,881,712	$ 1,550,512	34
TRANSFERRED FROM INCOME	533,144	460,713	403,298	578,878	388,160	35
MISCELLANEOUS CREDITS	-	-	-	-	-	36
MISCELLANEOUS DEBITS	-	-	-	-	-	37
APPROPRIATIONS	-	-	-	-	-	38
DIVIDENDS DECLARED-PREFERRED STOCK	15,701	15,701	15,700	15,700	15,700	39
-COMMON STOCK	78,845	60,759	46,912	43,803	41,260	40
BALANCE END OF YEAR	3,564,620	3,126,022	2,741,769	2,401,087	1,881,712	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 3,564,620	$ 3,126,022	$ 2,741,769	$ 2,401,085	$ 1,881,712	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME-PERCENT OF OPERATING REVENUES	17.4	16.4	16.7	23.1	18.5	44
PRETAX COVERAGE OF INTEREST CHARGES	11.4	9.3	7.4	10.2	7.2	45
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	15.2	13.6	12.1	7.7	11.0	46
RETURN ON COMMON EQUITY	14.2	13.8	13.5	23.2	18.8	47

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TRUMANSBURG HOME TELEPHONE COMPANY
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	TELEPHONE OPERATING REVENUES					
1	LOCAL REVENUES	$ 992,519	$ 921,403	$ 905,751	$ 866,196	$ 848,427
2	ACCESS REVENUES	1,094,602	956,911	887,474	-	-
3	TOLL REVENUES	654,661	615,658	383,405	1,549,575	1,170,425
4	MISCELLANEOUS REVENUES	330,276	324,946	245,713	98,301	79,713
5	UNCOLLECTIBLE REVENUES-DR	11,846	23,000	9,000	15,000	10,000
6	TOTAL OPERATING REVENUES	$ 3,060,212	$ 2,795,918	$ 2,413,343	$ 2,499,072	$ 2,088,565
7	ACCESS LINES IN SERVICE	5,559	5,442	5,379	5,145	4,979
	TELEPHONE OPERATING REVENUE RELATIONSHIPS					
	REVENUE PER AVERAGE ACCESS LINE*					
8	LOCAL REVENUE	$ 180.44	$ 170.30	$ 172.13	$ 171.12	$ 172.76
9	ACCESS REVENUE	199.00	176.86	168.66		
10	TOLL REVENUE	119.02	113.79	72.86	306.12	238.33

*YEAR END AVERAGE

LINE NO	ITEM	1987	1986	1985	1984	1983
	OPERATION AND MAINTENANCE EXPENSES					
11	MAINTENANCE EXPENSES	$ 708,308	$ 680,749	$ 557,876	$ 522,470	$ 481,420
12	DEPRECIATION & AMORTIZATION	526,417	347,707	307,528	220,916	208,868
13	TRAFFIC EXPENSES	36,026	38,621	34,591	31,903	21,772
14	COMMERCIAL EXPENSES	288,763	241,615	214,924	201,563	204,054
15	ACCESS EXPENSES		-			-
16	GENERAL OFFICE SALARIES & EXPENSES	238,835	219,652	194,363	172,705	139,988
17	OTHER OPERATING EXPENSES	211,365	228,885	147,088	106,390	120,857
18	TOTAL O & M EXPENSES	$ 2,039,415	$ 1,757,229	$ 1,456,170	$ 1,255,947	$ 1,176,959

TRUMANSBURG HOME TELEPHONE COMPANY
DISTRIBUTION OF TELEPHONE REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
REVENUES	$ 3,060,212	$ 2,795,918	$ 2,413,343	$ 2,499,072	$ 2,088,565	1
ACCESS LINES - AVERAGE*	5,501	5,411	5,262	5,062	4,911	2
DOLLAR AMOUNTS						
WAGES AND BENEFITS	$ 963,032	$ 894,605	$ 776,687	$ 649,251	$ 658,275	3
OTHER OPERATION AND MAINTENANCE EXPENSES	549,966	514,917	371,955	385,780	309,816	4
DEPRECIATION AND AMORTIZATION EXPENSES	526,417	347,707	307,528	220,916	208,868	5
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	6
INCOME TAXES - OPERATING	262,013	274,327	219,087	357,082	232,406	7
OTHER TAXES - OPERATING	215,035	270,921	278,273	256,260	217,885	8
INTEREST CHARGES **	76,751	92,200	100,881	104,847	101,730	9
PREFERRED DIVIDENDS**	15,045	15,550	15,500	15,648	15,614	10
EARNINGS AVAILABLE FOR COMMON EQUITY	451,953	385,691	343,432	509,288	343,962	11
TOTAL	$ 3,060,212	$ 2,795,918	$ 2,413,343	$ 2,499,072	$ 2,088,565	12
PERCENT OF REVENUES						
WAGES AND BENEFITS	31.5	32.0	32.2	26.0	31.5	13
OTHER OPERATION AND MAINTENANCE EXPENSES	18.0	18.4	15.4	15.4	14.8	14
DEPRECIATION AND AMORTIZATION EXPENSES	17.2	12.4	12.7	8.8	10.0	15
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	16
INCOME TAXES - OPERATING	8.6	9.8	9.1	14.3	11.1	17
OTHER TAXES - OPERATING	7.0	9.7	11.5	10.3	10.4	18
INTEREST CHARGES**	2.5	3.3	4.2	4.2	4.9	19
PREFERRED DIVIDENDS **	0.5	0.6	0.6	0.6	0.7	20
EARNINGS AVAILABLE FOR COMMON EQUITY	14.8	13.8	14.2	20.4	16.5	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
DOLLARS PER AVERAGE ACCESS LINE PER MONTH						
WAGES AND BENEFITS	$ 14.59	$ 13.78	$ 12.30	$ 10.69	$ 11.17	23
OTHER OPERATION AND MAINTENANCE EXPENSES	8.33	7.93	5.89	6.35	5.26	24
DEPRECIATION AND AMORTIZATION EXPENSES	7.98	5.36	4.87	3.64	3.54	25
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	26
INCOME TAXES - OPERATING	3.97	4.23	3.47	5.88	3.94	27
OTHER TAXES - OPERATING	3.26	4.17	4.41	4.22	3.70	28
						29
INTEREST CHARGES **	1.16	1.42	1.60	1.73	1.73	
PREFERRED DIVIDENDS **	0.23	0.24	0.25	0.26	0.26	30
EARNINGS AVAILABLE FOR COMMON EQUITY	6.85	5.94	5.44	8.38	5.84	31
TOTAL	$ 46.36	$ 43.06	$ 38.22	$ 41.14	$ 35.44	32

* YEAR END AVERAGE

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VERNON TELEPHONE COMPANY, INC
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF TELEPHONE PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	TELEPHONE PLANT	$ 3,537,235	$ 3,399,613	$ 3,357,088	$ 3,213,037	$ 2,984,585
2	ACCUM. PROV. FOR DEPR. & AMORT	1,067,435	909,098	715,297	1,185,893	1,042,015
3	NET TELEPHONE PLANT	2,469,800	2,490,515	2,641,791	2,027,144	1,942,570
4	INVESTMENTS IN AFFILIATED COMPANIES	-	-	-	-	-
5	ADVANCES TO AFFILIATED COMPANIES	-	-	-	-	-
6	MISCELLANEOUS PHYSICAL PROPERTY	38,556	38,556	38,556	11,957	11,957
7	OTHER INVESTMENTS AND FUNDS	50,710	45,500	18,500	18,500	18,500
8	TOTAL INVESTMENTS AND FUNDS	89,266	84,056	57,056	30,457	30,457
9	CASH AND WORKING FUNDS	187,386	111,047	25,098	7,194	53,430
10	SPECIAL CASH DEPOSITS	-	-	-	-	-
11	TEMPORARY CASH INVESTMENTS	154,760	108,002	5,287	77,378	135,244
12	NOTES & ACCT'S REC.-AFFILIATED CO'S	-	-	-	-	-
13	OTHER NOTES AND ACCOUNTS RECEIVABLE	111,675	157,553	183,721	81,557	56,118
14	DUE - CUST. & AGENTS LESS ACCUM. PROV. - UNCOLLECTIBLE ACCTS	94,300	98,643	108,317	98,748	119,087
15	MATERIALS AND SUPPLIES	56,372	47,204	48,982	48,720	116,587
16	MERCH. AND MATERIAL HELD FOR SALE	115,238	123,548	121,915	101,752	-
17	PREPAYMENTS	53,614	50,676	45,713	42,830	35,133
18	OTHER CURRENT AND ACCRUED ASSETS	-	-	-	-	-
19	TOTAL CURRENT AND ACCRUED ASSETS	773,345	694,673	539,033	458,179	515,599
20	UNAMORTIZED DEBT DISCOUNT AND EXPENSE	4,769	4,966	5,165	5,362	37-
21	EXTRAORDINARY MAINTENANCE & RETIREMENTS	-	-	-	-	5,560
22	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
23	OTHER DEFERRED DEBITS	-	-	-	-	-
24	TOTAL DEFERRED DEBITS	4,769	4,966	5,165	5,362	5,523
25	TOTAL ASSETS AND OTHER DEBITS	3,337,180	$ 3,274,210	$ 3,243,045	$ 2,521,142	$ 2,494,149
	TELEPHONE PLANT					
26	PLANT IN SERVICE	$ 3,481,984	$ 3,399,613	$ 3,357,088	$ 3,213,037	$ 2,984,585
27	PLANT UNDER CONSTRUCTION	55,251	-	-	-	-
28	PROPERTY HELD FOR FUTURE USE	-	-	-	-	-
29	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
30	PLANT ADJUSTMENTS	-	-	-	-	-
31	TOTAL TELEPHONE UTILITY PLANT	3,537,235	3,399,613	3,357,088	3,213,037	2,984,585
32	ACCUM. PROV. FOR DEPR. AND AMORT	1,067,435	909,098	715,297	1,185,893	1,042,015
33	NET TELEPHONE PLANT	2,469,800	2,490,515	2,641,791	2,027,144	1,942,570
	PLANT IN SERVICE					
34	BEGINNING OF YEAR	3,399,613	3,357,081	3,213,037	2,984,585	2,911,368
35	ADDITIONS	179,627	88,712	891,039	298,916	98,467
36	RETIREMENTS	97,256	38,529	746,988	70,464	35,415
37	TRANSFERS AND ADJUSTMENTS	-	7,657-	-	-	10,165
38	END OF YEAR	$ 3,481,984	$ 3,399,613	$ 3,357,088	$ 3,213,037	$ 2,984,585

VERNON TELEPHONE COMPANY, INC.
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 70,000	$ 70,000	$ 70,000	$ 70,000	$ 70,000	1
PREFERRED CAPITAL STOCK	86,500	86,500	86,500	88,500	88,800	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	733,100	740,093	646,890	520,997	584,615	9
TOTAL PROPRIETARY CAPITAL	889,600	896,593	803,390	679,497	743,415	10
BONDS (LESS BONDS REACQUIRED)	2,218,919	2,250,910	2,192,823	1,548,671	1,574,632	11
ADVANCES FROM AFFILIATED COMPANIES	-	-	-	-	-	12
OTHER LONG-TERM DEBT	-	-	-	-	-	13
TOTAL LONG-TERM DEBT	2,218,919	2,250,910	2,192,823	1,548,671	1,574,632	14
NOTES & ACCTS PAY TO AFFILIATED CO.S	-	-	-	-	-	15
OTHER NOTES AND ACCOUNTS PAYABLE	45,020	7,930	103,231	126,321	-	16
CUSTOMERS' DEPOSITS	-	-	-	1,695	19,567	17
ADVANCE BILLING AND PAYMENTS	-	-	4,266	6,126	-	18
TAXES ACCRUED	14,809	4,998-	3,954	5,616	6,313	19
OTHER CURRENT AND ACCRUED LIABILITIES	19,329	22,324	22,373	27,931	38,258	20
TOTAL CURRENT AND ACCRUED LIABILITIES	79,158	25,256	133,824	167,689	64,138	21
UNAMORTIZED PREMIUM ON DEBT	-	-	-	-	-	22
ACCUM. DEFERRED INVESTMENT TAX CREDITS	100,814	101,234	94,535	101,755	108,975	23
OTHER DEFERRED CREDITS	24,268	15,715	8,004	3,223	832	24
TOTAL DEFERRED CREDITS	125,082	116,949	102,539	104,978	109,807	25
OPERATING RESERVES	-	-	18,400	22,645	-	26
ACCUM. DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION	24,421	15,498-	7,931-	2,338-	2,157	27
ACCUM. DEFERRED INCOME TAXES - OTHER	-	-	-	-	-	28
TOTAL LIABILITIES AND OTHER CREDITS	$ 3,337,180	$ 3,274,210	$ 3,243,045	$ 2,521,142	$ 2,494,149	29
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS/CURRENT LIABILITIES	9.77	27.51	4.03	2.73	8.04	30
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	71.3	71.5	73.1	69.5	67.9	31
PREFERRED STOCK	2.7	2.7	2.8	3.9	3.8	32
COMMON STOCK & OTHER PAID-IN CAPITAL	2.2	2.2	2.3	3.1	3.0	33
RETAINED EARNINGS	23.5	23.5	21.5	23.3	25.2	34
LONG TERM DEBT % OF GROSS UTILITY PLANT	62.7	66.2	65.3	48.1	52.7	35
ACCUM. PROV. FOR DEPR & AMORT. %OF UTIL. PLT.	30.1	26.7	21.3	36.9	34.9	36

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VERNON TELEPHONE COMPANY, INC.
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL					
1	NET INCOME	$ 51,976	$ 108,713	$ 137,592	$ 35,769-	$ 50,196
2	DEPRECIATION AND AMORTIZATION	217,694	213,833	206,990	176,700	169,219
3	DEFERRED INCOME TAXES (NET)	10,094-	6,990-	12,813-	11,715-	14,112-
4	INTEREST CAPITALIZED	-	-	-	-	-
5	OTHER (NET)	-	-	-	-	-
6	SUBTOTAL	259,576	315,556	331,769	129,216	205,303
7	EXTRAORDINARY ITEMS	61,606-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	197,970	315,556	331,769	129,216	205,303
9	LESS DIVIDENDS PREFERRED	5,190	5,190	5,227	5,319	5,328
	COMMON	2,800	4,200	9,800	16,800	16,800
11	NET FUNDS - INTERNAL SOURCES	189,980	306,166	316,742	107,097	183,175
	EXTERNAL					
12	LONG TERM DEBT	-	-	644,151	-	-
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	18,610	58,088	15,000	5,000	-
17	OTHER (NET)	-	-	3,330	-	-
18	TOTAL FUNDS - EXTERNAL SOURCES	18,610	58,088	662,481	5,000	-
	OTHER SOURCES					
19	NET DECREASE IN WORKING CAPITAL	-	-	-	163,668	-
20	OTHER	51,617	25,142	9,085	61,704	16,331
21	TOTAL FUNDS PROVIDED	$ 260,207	$ 389,396	$ 988,308	$ 337,469	$ 199,506
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
22	TELEPHONE PLANT	$ 179,626	$ 79,793	$ 825,744	$ 297,744	$ 108,708
23	NON-UTILITY PLANT	-	-	-	-	-
24	OTHER	-	-	-	-	-
25	TOTAL CONSTRUCTION	179,626	79,793	825,744	297,744	108,708
26	LESS INTEREST CAPITALIZED	-	-	-	-	-
27	TOTAL EXCLUDING INTEREST CAPITALIZED	179,626	79,793	825,744	297,744	108,708
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	31,992	-	-	26,261	30,863
29	PREFERRED STOCK	-	-	2,000	-	-
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	-	-	-	-
32	OTHER (NET)	-	-	-	5,730	-
33	TOTAL RETIREMENT OF SECURITIES	31,992	-	2,000	31,991	30,863
	OTHER USES					
34	NET INCREASE IN WORKING CAPITAL	36,261	239,242	126,837	-	46,121
35	OTHER	12,328	70,361	33,727	7,734	13,814
36	TOTAL FUNDS APPLIED	$ 260,207	$ 389,396	$ 988,308	$ 337,469	$ 199,506

VERNON TELEPHONE COMPANY, INC
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
TELEPHONE OPERATING INCOME						
OPERATING REVENUES	$ 1,484,815	$ 1,461,761	$ 1,481,191	$ 1,167,653	$ 1,118,355	1
OPERATION AND MAINTENANCE EXPENSE	939,485	905,112	848,208	821,852	698,802	2
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	3
DEPRECIATION	173,475	168,237	164,424	135,026	131,252	4
AMORTIZATION	-	-	-	-	-	5
TAXES OTHER THAN INCOME TAXES-OPERATING	150,144	129,704	134,561	143,903	128,128	6
INCOME TAXES-OPERATING	4,886-	578	7,220-	7,220-	9,396-	7
OPERATING INCOME TAXES DEFERRED	4,319-	7,364-	6,006-	4,023-	2,227-	8
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	713-	204-	413	472-	2,489-	9
TOTAL OPERATING EXPENSES	1,253,186	1,196,063	1,134,380	1,089,066	944,070	10
TOTAL TELEPHONE OPERATING INCOME	231,629	265,698	346,811	78,587	174,285	11
OTHER INCOME						
DIVIDEND INCOME	425	425	425	400	350	12
INTEREST INCOME	8,312	3,054	3,225	12,158	13,775	13
ALLOWANCE FOR CONSTRUCTION FUNDS	-	-	-	-	-	14
INCOME FROM SINKING AND OTHER FUNDS	-	-	-	-	-	15
INCOME FROM MISC. PHYSICAL PROPERTY	15,119	13,202	10,556	-	-	16
MISCELLANEOUS INCOME	33,630-	45,173-	65,967-	35,450-	48,994-	17
TOTAL OTHER INCOME	9,774-	28,492-	51,761-	22,892-	34,869-	18
TOTAL INCOME	221,855	237,206	295,050	55,695	139,416	19
INCOME DEDUCTIONS						
TAXES OTHER THAN INC. TAXES-NONOPERATING	-	-	-	-	-	20
INCOME TAXES-NONOPERATING	-	-	-	-	-	21
MISCELLANEOUS INCOME CHARGES	49,488	5,578	5,337	4,755	1,388	22
TOTAL INCOME DEDUCTIONS	49,488	5,578	5,337	4,755	1,388	23
INCOME BEFORE INTEREST CHARGES	172,367	231,628	289,713	50,940	138,028	24
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	119,462	119,468	89,330	86,052	87,412	25
AMORT. OF DEBT DISCOUNT AND EXPENSE	198	198	198	198	198	26
AMORT. OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	27
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	28
OTHER INTEREST EXPENSE	732	3,248	62,593	459	222	29
TOTAL INTEREST CHARGES	120,392	122,914	152,121	86,709	87,832	30
INCOME BEFORE EXTRAORDINARY/DELAYED ITEMS	51,975	108,714	137,592	35,769-	50,196	31
EXTRAORDINARY & DELAYED ITEMS - NET LESS TAX EFFECT	50,979-	-	-	5,730-	-	32
NET INCOME	$ 996	$ 108,714	$ 137,592	$ 41,499-	$ 50,196	33
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 740,094	$ 646,891	$ 520,996	$ 584,614	$ 556,546	34
TRANSFERRED FROM INCOME	996	108,714	137,592	41,499-	50,196	35
MISCELLANEOUS CREDITS	-	-	3,330	-	-	36
MISCELLANEOUS DEBITS	-	6,121	-	-	-	37
APPROPRIATIONS	-	-	-	-	-	38
DIVIDENDS DECLARED-PREFERRED STOCK	5,190	5,190	5,227	5,319	5,328	39
-COMMON STOCK	2,800	4,200	9,800	16,800	16,800	40
BALANCE END OF YEAR	733,100	740,094	646,890	520,996	584,614	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 733,100	$ 740,093	$ 646,890	$ 520,997	$ 584,615	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME-PERCENT OF OPERATING REVENUES	-	7.4	9.2	3.4-	4.4	44
PRETAX COVERAGE OF INTEREST CHARGES	1.3	1.8	1.8	0.5	1.4	45
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	66.6-	4.0	7.4	35.7-	37.4	46
RETURN ON COMMON EQUITY	0.4-	13.5	20.2	7.4-	7.0	47

VERNON TELEPHONE COMPANY INC
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	TELEPHONE OPERATING REVENUES					
1	LOCAL REVENUES	$ 491,654	$ 585,842	$ 402,887	$ 397,412	$ 389,314
2	ACCESS REVENUES	373,200	381,965	372,362	-	-
3	TOLL REVENUES	539,915	436,562	624,884	754,310	712,293
4	MISCELLANEOUS REVENUES	92,046	68,392	90,058	27,462	26,250
5	UNCOLLECTIBLE REVENUES-DR	12,000	11,000	9,000	11,531	9,500
6	TOTAL OPERATING REVENUES	$ 1,484,815	$ 1,461,761	$ 1,481,191	$ 1,167,653	$ 1,118,357
7	ACCESS LINES IN SERVICE	2,073	2,005	2,549	1,871	1,832
	TELEPHONE OPERATING REVENUE RELATIONSHIPS					
	REVENUE PER AVERAGE ACCESS LINE*					
8	LOCAL REVENUE	$ 241.13	$ 257.29	$ 182.30	$ 214.64	$ 214.56
9	ACCESS REVENUE	183.03	167.75	168.49		
10	TOLL REVENUE	264.79	191.73	282.75	407.40	392.56

*YEAR END AVERAGE

LINE NO	ITEM	1987	1986	1985	1984	1983
	OPERATION AND MAINTENANCE EXPENSES					
11	MAINTENANCE EXPENSES	$ 365,732	$ 376,855	$ 353,568	$ 392,176	$ 355,381
12	DEPRECIATION & AMORTIZATION	173,475	168,237	164,424	135,026	131,252
13	TRAFFIC EXPENSES	25,161	30,457	30,982	37,189	8,822
14	COMMERCIAL EXPENSES	98,275	84,390	65,506	54,510	51,792
15	ACCESS EXPENSES	-	-	-	-	-
16	GENERAL OFFICE SALARIES & EXPENSES	265,904	257,835	228,486	193,133	171,489
17	OTHER OPERATING EXPENSES	184,413	155,575	169,666	144,844	111,318
18	TOTAL O & M EXPENSES	$ 1,112,960	$ 1,073,349	$ 1,012,632	$ 956,878	$ 830,054

VERNON TELEPHONE COMPANY, INC
DISTRIBUTION OF TELEPHONE REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
REVENUES	$ 1,484,815	$ 1,461,761	$ 1,481,191	$ 1,167,653	$ 1,118,355	1
ACCESS LINES - AVERAGE*	2,039	2,277	2,210	1,852	1,815	2
			DOLLAR AMOUNTS			
WAGES AND BENEFITS	$ 387,325	$ 359,075	$ 309,224	$ 332,654	$ 314,074	3
OTHER OPERATION AND MAINTENANCE EXPENSES	552,160	546,037	538,984	489,198	384,728	4
DEPRECIATION AND AMORTIZATION EXPENSES	173,475	168,237	164,424	135,026	131,252	5
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	6
INCOME TAXES - OPERATING	9,918-	6,990-	12,813-	11,715-	14,112-	7
OTHER TAXES - OPERATING	150,144	129,704	134,561	143,903	128,128	8
INTEREST CHARGES **	120,392	122,914	152,121	86,709	87,832	9
PREFERRED DIVIDENDS**	5,190	5,190	5,227	5,319	5,328	10
EARNINGS AVAILABLE FOR COMMON EQUITY	106,047	137,594	189,463	13,441-	81,125	11
TOTAL	$ 1,484,815	$ 1,461,761	$ 1,481,191	$ 1,167,653	$ 1,118,355	12
			PERCENT OF REVENUES			
WAGES AND BENEFITS	26.1	24.6	20.9	28.5	28.1	13
OTHER OPERATION AND MAINTENANCE EXPENSES	37.2	37.4	36.4	41.9	34.4	14
DEPRECIATION AND AMORTIZATION EXPENSES	11.7	11.5	11.1	11.6	11.7	15
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	16
INCOME TAXES - OPERATING	0.6-	0.4-	0.8-	0.9-	1.2-	17
OTHER TAXES - OPERATING	10.1	8.9	9.1	12.3	11.5	18
INTEREST CHARGES**	8.1	8.4	10.3	7.4	7.9	19
PREFERRED DIVIDENDS **	0.3	0.4	0.4	0.5	0.5	20
EARNINGS AVAILABLE FOR COMMON EQUITY	7.1	9.4	12.8	1.1-	7.3	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
			DOLLARS PER AVERAGE ACCESS LINE PER MONTH			
WAGES AND BENEFITS	$ 15.83	$ 13.14	$ 11.66	$ 14.97	$ 14.42	23
OTHER OPERATION AND MAINTENANCE EXPENSES	22.57	19.98	20.32	22.02	17.67	24
DEPRECIATION AND AMORTIZATION EXPENSES	7.09	6.16	6.20	6.08	6.03	25
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	26
INCOME TAXES - OPERATING	0.40-	0.25-	0.47-	0.52-	0.64-	27
OTHER TAXES - OPERATING	6.14	4.75	5.07	6.48	5.88	28
						29
INTEREST CHARGES **	4.92	4.50	5.74	3.90	4.03	
PREFERRED DIVIDENDS **	0.21	0.19	0.20	0.24	0.24	30
EARNINGS AVAILABLE FOR COMMON EQUITY	4.33	5.04	7.14	0.59-	3.73	31
TOTAL	$ 60.68	$ 53.50	$ 55.85	$ 52.55	$ 51.36	32

* YEAR END AVERAGE

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WARWICK VALLEY TELEPHONE COMPANY
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF TELEPHONE PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	TELEPHONE PLANT	$ 17,329,676	$ 16,666,052	$ 17,751,829	$ 15,112,759	$ 14,447,286
2	ACCUM PROV FOR DEPR & AMORT	4,282,793	4,297,001	5,663,910	4,779,094	4,076,694
3	NET TELEPHONE PLANT	13,046,883	12,369,051	12,087,919	10,333,665	10,370,592
4	INVESTMENTS IN AFFILIATED COMPANIES	-	-	-	-	-
5	ADVANCES TO AFFILIATED COMPANIES	-	-	-	-	4,281
6	MISCELLANEOUS PHYSICAL PROPERTY	245,714	176,326	159,684	78,760	43,209
7	OTHER INVESTMENTS AND FUNDS	143,036	-	-	-	-
8	TOTAL INVESTMENTS AND FUNDS	388,750	176,326	159,684	78,760	47,490
9	CASH AND WORKING FUNDS	420,051	281,644	80,919	2,685	131,337
10	SPECIAL CASH DEPOSITS	-	-	-	-	-
11	TEMPORARY CASH INVESTMENTS	6,440	-	1,236,709	796,675	33,610
12	NOTES & ACCT S REC -AFFILIATED CO S	-	-	-	-	-
13	OTHER NOTES AND ACCOUNTS RECEIVABLE	639,987	612,574	1,199,795	784,192	186,103
14	DUE - CUST & AGENTS LESS ACCUM PROV - UNCOLLECTIBLE ACCTS	1,078,087	1,025,107	964,506	883,322	831,692
15	MATERIALS AND SUPPLIES	528,965	609,640	463,743	429,523	324,333
16	MERCH AND MATERIAL HELD FOR SALE	210,161	110,042	79,501	86,154	26,600
17	PREPAYMENTS	12,303	16,993	24,867	118,588	48,472
18	OTHER CURRENT AND ACCRUED ASSETS	-	-	-	-	-
19	TOTAL CURRENT AND ACCRUED ASSETS	2,895,994	2,656,000	4,050,040	3,101,139	1,582,147
20	UNAMORTIZED DEBT DISCOUNT AND EXPENSE	30,354	39,906	49,526	59,211	69,035
21	EXTRAORDINARY MAINTENANCE & RETIREMENTS	-	-	-	-	-
22	RESEARCH AND DEVELOPEMENT	-	-	-	-	-
23	OTHER DEFERRED DEBITS	34,668	28,238	24,127	37,449	30,853
24	TOTAL DEFERRED DEBITS	65,022	68,144	73,653	96,660	99,888
25	TOTAL ASSETS AND OTHER DEBITS	16,396,649	$ 15,269,521	$ 16,371,296	$ 13,610,224	$ 12,100,117
	TELEPHONE PLANT					
26	PLANT IN SERVICE	$ 17,022,688	$ 16,534,704	$ 15,412,094	$ 14,973,785	$ 14,428,257
27	PLANT UNDER CONSTRUCTION	306,988	131,348	2,339,735	138,974	19,029
28	PROPERTY HELD FOR FUTURE USE	-	-	-	-	-
29	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
30	PLANT ADJUSTMENTS	-	-	-	-	-
31	TOTAL TELEPHONE UTILITY PLANT	17,329,676	16,666,052	17,751,829	15,112,759	14,447,286
32	ACCUM PROV FOR DEPR AND AMORT	4,282,793	4,297,001	5,663,910	4,779,094	4,076,694
33	NET TELEPHONE PLANT	13,046,883	12,369,051	12,087,919	10,333,665	10,370,592
	PLANT IN SERVICE					
34	BEGINNING OF YEAR	16,534,703	15,412,094	14,973,785	14,428,257	14,056,926
35	ADDITIONS	1,399,506	3,706,574	552,437	1,053,273	628,759
36	RETIREMENTS	911,521	2,583,965	183,661	604,132	344,748
37	TRANSFERS AND ADJUSTMENTS	-	-	69,533	96,387	87,320
38	END OF YEAR	$ 17,022,688	$ 16,534,703	$ 15,412,094	$ 14,973,785	$ 14,428,257

WARWICK VALLEY TELEPHONE COMPANY
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 1,557,218	$ 1,557,218	$ 1,557,218	$ 1,557,218	$ 1,557,218	1
PREFERRED CAPITAL STOCK	500,000	500,000	500,000	500,000	500,000	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	31,607-	31,607-	31,607-	31,607-	31,607-	8
RETAINED EARNINGS	5,807,501	5,157,802	4,676,526	3,800,312	3,259,019	9
TOTAL PROPRIETARY CAPITAL	7,833,112	7,183,413	6,702,137	5,825,923	5,284,630	10
BONDS(LESS BONDS REACQUIRED)	3,892,000	4,019,000	4,146,000	4,475,800	4,605,400	11
ADVANCES FROM AFFILIATED COMPANIES	-	-	-	-	-	12
OTHER LONG-TERM DEBT	-	-	-	-	-	13
TOTAL LONG-TERM DEBT	3,892,000	4,019,000	4,146,000	4,475,800	4,605,400	14
NOTES & ACCTS PAY TO AFFILIATED CO'S	-	-	-	-	-	15
OTHER NOTES AND ACCOUNTS PAYABLE	1,539,088	1,606,061	3,310,284	1,019,960	337,464	16
CUSTOMERS' DEPOSITS	250,271	195,631	138,894	131,590	112,779	17
ADVANCE BILLING AND PAYMENTS	63,816	-	-	-	-	18
TAXES ACCRUED	71,466	278,345-	87,750	396,912	234,797	19
OTHER CURRENT AND ACCRUED LIABILITIES	145,560	143,646	131,905	129,290	173,885	20
TOTAL CURRENT AND ACCRUED LIABILITIES	2,070,201	1,666,993	3,668,833	1,677,752	858,925	21
UNAMORTIZED PREMIUM ON DEBT	-	-	-	-	-	22
ACCUM. DEFERRED INVESTMENT TAX CREDITS	757,515	813,294	598,780	573,132	509,882	23
OTHER DEFERRED CREDITS	141,002	73,280	39,540	15,965	4,205	24
TOTAL DEFERRED CREDITS	898,517	886,574	638,320	589,097	514,087	25
OPERATING RESERVES	-	-	-	-	-	26
ACCUM. DEFERRED INCOME TAXES - ACCELERATED TAX DEPRECIATION	1,702,819	1,513,541	1,216,006	1,041,652	837,075	27
ACCUM. DEFERRED INCOME TAXES - OTHER	-	-	-	-	-	28
TOTAL LIABILITIES AND OTHER CREDITS	$ 16,396,649	$ 15,269,521	$ 16,371,296	$ 13,610,224	$ 12,100,117	29
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS/CURRENT LIABILITIES	1.40	1.59	1.10	1.85	1.84	30
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	33.1	35.8	38.2	43.4	46.5	31
PREFERRED STOCK	4.2	4.4	4.6	4.8	5.0	32
COMMON STOCK & OTHER PAID-IN CAPITAL	13.0	13.6	14.0	14.8	15.4	33
RETAINED EARNINGS	49.5	46.0	43.1	36.8	32.9	34
LONG TERM DEBT % OF GROSS UTILITY PLANT	22.4	24.1	23.3	29.6	31.8	35
ACCUM. PROV. FOR DEPR & AMORT. %OF UTIL. PLT	24.7	25.7	31.9	31.6	28.2	36

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WARWICK VALLEY TELEPHONE COMPANY
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	SOURCES OF FUNDS					
	INTERNAL					
1	NET INCOME	$ 1,284,078	$ 1,053,088	$ 1,349,308	$ 949,746	$ 386,831
2	DEPRECIATION AND AMORTIZATION	1,043,716	1,014,716	1,022,180	1,036,775	898,893
3	DEFERRED INCOME TAXES (NET)	85,090	512,049	200,002	293,149	284,979
4	INTEREST CAPITALIZED	29,870-	165,670-	10,612-	24,255-	-
5	OTHER (NET)	-	-	-	-	-
6	SUBTOTAL	2,383,014	2,414,183	2,560,878	2,255,415	1,570,703
7	EXTRAORDINARY ITEMS	-	18,268-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	2,383,014	2,395,915	2,560,878	2,255,415	1,570,703
9	LESS DIVIDENDS PREFERRED	25,000	25,000	25,000	25,000	25,000
	COMMON	609,380	528,544	466,362	383,453	310,908
11	NET FUNDS - INTERNAL SOURCES	1,748,634	1,842,371	2,069,516	1,846,962	1,234,795
	EXTERNAL					
12	LONG TERM DEBT	-	-	-	-	1,870,400
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	225,000	525,000	50,000	-	3,046,000
17	OTHER (NET)	-	-	-	-	-
18	TOTAL FUNDS - EXTERNAL SOURCES	225,000	525,000	50,000	-	4,916,400
	OTHER SOURCES					
19	NET DECREASE IN WORKING CAPITAL	1,094,892	2,526,845	1,273,484	239,284	-
20	OTHER	-	-	-	-	-
21	TOTAL FUNDS PROVIDED	$ 3,068,526	$ 4,894,216	$ 3,393,000	$ 2,086,246	$ 6,151,195
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
22	TELEPHONE PLANT	$ 2,971,396	$ 4,932,886	$ 3,073,812	$ 1,980,901	$ 884,461
23	NON-UTILITY PLANT	-	-	-	-	-
24	OTHER	-	-	-	-	-
25	TOTAL CONSTRUCTION	2,971,396	4,932,886	3,073,812	1,980,901	884,461
26	LESS INTEREST CAPITALIZED	29,870	165,670	10,612	24,255	-
27	TOTAL EXCLUDING INTEREST CAPITALIZED	2,941,526	4,767,216	3,063,200	1,956,646	884,461
	RETIREMENT OF SECURITIES					
28	LONG TERM DEBT	127,000	127,000	329,800	129,600	-
29	PREFERRED STOCK	-	-	-	-	-
30	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
31	NET DECREASE IN SHORT TERM DEBT	-	-	-	-	-
32	OTHER (NET)	-	-	-	-	-
33	TOTAL RETIREMENT OF SECURITIES	127,000	127,000	329,800	129,600	-
	OTHER USES					
34	NET INCREASE IN WORKING CAPITAL	-	-	-	-	5,266,734
35	OTHER	-	-	-	-	-
36	TOTAL FUNDS APPLIED	$ 3,068,526	$ 4,894,216	$ 3,393,000	$ 2,086,246	$ 6,151,195

WARWICK VALLEY TELEPHONE COMPANY
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
TELEPHONE OPERATING INCOME						
OPERATING REVENUES	$ 8,462,308	$ 7,899,598	$ 8,356,461	$ 7,655,256	$ 6,541,468	1
OPERATION AND MAINTENANCE EXPENSE	3,975,902	3,779,435	3,644,010	3,508,940	3,377,433	2
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	3
DEPRECIATION	1,034,164	1,005,096	1,012,495	1,026,951	890,835	4
AMORTIZATION	-	-	-	-	-	5
TAXES OTHER THAN INCOME TAXES-OPERATING	882,330	912,108	928,589	900,459	822,887	6
INCOME TAXES-OPERATING	600,122	508,950	901,238	620,721	243,218	7
OPERATING INCOME TAXES DEFERRED	242,483	310,654	228,334	261,104	320,989	8
INCOME TAXES DEFERRED IN PRIOR YEARS-CR	53,205-	13,119-	53,980-	56,527-	38,315-	9
TOTAL OPERATING EXPENSES	6,681,796	6,503,124	6,660,686	6,261,648	5,617,047	10
TOTAL TELEPHONE OPERATING INCOME	1,780,512	1,396,474	1,695,775	1,393,608	924,421	11
OTHER INCOME						
DIVIDEND INCOME	-	-	-	-	-	12
INTEREST INCOME	6,443	26,633	90,170	43,958	20,491	13
ALLOWANCE FOR CONSTRUCTION FUNDS	29,870	155,670	10,612	24,255	-	14
INCOME FROM SINKING AND OTHER FUNDS	-	-	-	-	-	15
INCOME FROM MISC PHYSICAL PROPERTY	-	-	-	-	-	16
MISCELLANEOUS INCOME	164,978-	40,368-	33,791	65,778-	15,498-	17
TOTAL OTHER INCOME	128,665-	151,935	134,573	2,435	4,993	18
TOTAL INCOME	1,651,847	1,548,409	1,830,348	1,396,043	929,414	19
INCOME DEDUCTIONS						
TAXES OTHER THAN INC TAXES-NONOPERATING	-	-	-	-	-	20
INCOME TAXES-NONOPERATING	71,631-	8,126-	29,580	15,211-	8,283-	21
MISCELLANEOUS INCOME CHARGES	4,188	3,170	3,234	3,583	3,043	22
TOTAL INCOME DEDUCTIONS	67,443-	4,956-	32,814	11,628-	5,240-	23
INCOME BEFORE INTEREST CHARGES	1,719,290	1,553,365	1,797,534	1,407,671	934,654	24
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	397,372	408,344	425,400	442,536	393,665	25
AMORT OF DEBT DISCOUNT AND EXPENSE	9,552	9,620	9,685	9,824	8,058	26
AMORT OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	27
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	28
OTHER INTEREST EXPENSE	28,288	82,313	13,141	5,565	146,100	29
TOTAL INTEREST CHARGES	435,212	500,277	448,226	457,925	547,823	30
INCOME BEFORE EXTRAORDINARY/DELAYED ITEMS	1,284,078	1,053,088	1,349,308	949,746	386,831	31
EXTRAORDINARY & DELAYED ITEMS - NET LESS TAX EFFECT	-	18,268-	18,268	-	-	32
NET INCOME	$ 1,284,078	$ 1,034,820	$ 1,367,576	$ 949,746	$ 386,831	33
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 5,157,802	$ 4,676,526	$ 3,800,312	$ 3,259,019	$ 3,208,096	34
TRANSFERRED FROM INCOME	1,284,079	1,034,820	1,367,576	949,746	386,831	35
MISCELLANEOUS CREDITS	-	-	-	-	-	36
MISCELLANEOUS DEBITS	-	-	-	-	-	37
APPROPRIATIONS	-	-	-	-	-	38
DIVIDENDS DECLARED-PREFERRED STOCK	25,000	25,000	25,000	25,000	25,000	39
-COMMON STOCK	609,380	528,544	466,362	383,453	310,908	40
BALANCE END OF YEAR	5,807,501	5,157,802	4,676,526	3,800,312	3,259,019	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 5,807,501	$ 5,157,802	$ 4,676,526	$ 3,800,312	$ 3,259,019	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME-PERCENT OF OPERATING REVENUES	15.1	13.0	16.3	12.4	5.9	44
PRETAX COVERAGE OF INTEREST CHARGES	5.6	4.7	6.5	4.8	2.6	45
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	48.3	52.3	34.7	41.4	85.9	46
RETURN ON COMMON EQUITY	17.9	15.6	23.2	18.2	7.5	47

WARWICK VALLEY TELEPHONE COMPANY
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	TELEPHONE OPERATING REVENUES					
1	LOCAL REVENUES	$ 2,576,357	$ 2,556,354	$ 2,306,205	$ 2,166,814	$ 1,778,558
2	ACCESS REVENUES	3,298,985	3,337,320	3,169,193	-	-
3	TOLL REVENUES	1,275,625	702,364	1,710,465	5,108,618	4,463,789
4	MISCELLANEOUS REVENUES	1,336,267	1,339,560	1,206,598	415,824	335,120
5	UNCOLLECTIBLE REVENUES-DR	24,926	36,000	36,000	36,000	36,000
6	TOTAL OPERATING REVENUES	$ 8,462,308	$ 7,899,598	$ 8,356,461	$ 7,655,256	$ 6,541,467
7	ACCESS LINES IN SERVICE	16,028	15,076	14,382	13,696	13,094
	TELEPHONE OPERATING REVENUE RELATIONSHIPS					
	REVENUE PER AVERAGE ACCESS LINE*					
8	LOCAL REVENUE	$ 165.66	$ 173.56	$ 164.27	$ 161.76	$ 137.06
9	ACCESS REVENUE	212.13	226.58	225.74		
10	TOLL REVENUE	82.02	47.69	121.84	381.38	343.99

*YEAR END AVERAGE

LINE NO	ITEM	1987	1986	1985	1984	1983
	OPERATION AND MAINTENANCE EXPENSES					
11	MAINTENANCE EXPENSES	$ 1,415,265	$ 1,377,131	$ 1,387,093	$ 1,382,040	$ 1,415,198
12	DEPRECIATION & AMORTIZATION	1,034,164	1,005,096	1,012,495	1,026,951	890,835
13	TRAFFIC EXPENSES	464,523	460,619	440,163	438,968	411,233
14	COMMERCIAL EXPENSES	595,171	564,662	511,056	468,944	420,639
15	ACCESS EXPENSES	-	-	-	-	-
16	GENERAL OFFICE SALARIES & EXPENSES	854,339	806,588	785,084	694,696	683,649
17	OTHER OPERATING EXPENSES	646,604	570,435	520,614	524,292	446,714
18	TOTAL O & M EXPENSES	$ 5,010,066	$ 4,784,531	$ 4,656,505	$ 4,535,891	$ 4,268,268

WARWICK VALLEY TELEPHONE COMPANY
DISTRIBUTION OF TELEPHONE REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM		1987		1986		1985		1984		1983	LINE NO
REVENUES	$	8,462,308	$	7,899,598	$	8,356,461	$	7,655,256	$	6,541,468	1
ACCESS LINES - AVERAGE*		15,552		14,729		14,039		13,395		12,977	2

DOLLAR AMOUNTS

ITEM		1987		1986		1985		1984		1983	LINE NO
WAGES AND BENEFITS	$	2,983,366	$	2,851,410	$	2,750,854	$	2,659,383	$	2,418,062	3
OTHER OPERATION AND MAINTENANCE EXPENSES		992,536		928,025		893,158		849,557		959,371	4
DEPRECIATION AND AMORTIZATION EXPENSES		1,034,164		1,005,096		1,012,495		1,026,951		890,835	5
EXTRAORDINARY RETIREMENTS		-		-		-		-		-	6
INCOME TAXES - OPERATING		789,400		806,485		1,075,592		825,298		525,892	7
OTHER TAXES - OPERATING		882,330		912,108		928,589		900,459		822,887	8
INTEREST CHARGES **		428,401		500,277		445,531		457,925		547,823	9
PREFERRED DIVIDENDS**		24,571		25,000		24,841		25,000		25,000	10
EARNINGS AVAILABLE FOR COMMON EQUITY		1,327,540		871,197		1,225,403		910,683		351,598	11
TOTAL	$	8,462,308	$	7,899,598	$	8,356,461	$	7,655,256	$	6,541,468	12

PERCENT OF REVENUES

ITEM	1987	1986	1985	1984	1983	LINE NO
WAGES AND BENEFITS	35.3	36.1	32.9	34.7	37.0	13
OTHER OPERATION AND MAINTENANCE EXPENSES	11.7	11.7	10.7	11.1	14.7	14
DEPRECIATION AND AMORTIZATION EXPENSES	12.2	12.7	12.1	13.4	13.6	15
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	16
INCOME TAXES - OPERATING	9.3	10.2	12.9	10.8	8.0	17
OTHER TAXES - OPERATING	10.4	11.5	11.1	11.8	12.6	18
INTEREST CHARGES**	5.1	6.3	5.3	6.0	8.4	19
PREFERRED DIVIDENDS **	0.3	0.3	0.3	0.3	0.4	20
EARNINGS AVAILABLE FOR COMMON EQUITY	15.7	11.0	14.7	11.9	5.4	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22

DOLLARS PER AVERAGE ACCESS LINE
PER MONTH

ITEM	1987	1986	1985	1984	1983	LINE NO
WAGES AND BENEFITS	$ 15.99	$ 16.13	$ 16.33	$ 16.54	$ 15.53	23
OTHER OPERATION AND MAINTENANCE EXPENSES	5.32	5.25	5.30	5.29	6.16	24
DEPRECIATION AND AMORTIZATION EXPENSES	5.54	5.69	6.01	6.39	5.72	25
EXTRAORDINARY RETIREMENTS	-	-	-	-	-	26
INCOME TAXES - OPERATING	4.23	4.56	6.38	5.13	3.38	27
OTHER TAXES - OPERATING	4.73	5.16	5.51	5.60	5.28	28
						29
INTEREST CHARGES **	2.30	2.83	2.64	2.85	3.52	
PREFERRED DIVIDENDS **	0.13	0.14	0.15	0.16	0.16	30
EARNINGS AVAILABLE FOR COMMON EQUITY	7.11	4.93	7.27	5.67	2.26	31
TOTAL	$ 45.34	$ 44.69	$ 49.60	$ 47.63	$ 42.01	32

* YEAR END AVERAGE

**NET OF AFC

COMMUNICATIONS

SECTION IV.

WATER SERVICE COMPANIES

Balance Sheet
Asset Side
Liability Side
Statement of Change in Financial Position
Income Statement
Statement of Revenue Plant and Operation and Maintenance
Distribution of Revenues

30TA

CITIZENS WATER-SUPPLY COMPANY OF NEWTOWN, THE
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF UTILITY PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	WATER PLANT	$ 7,391,314	$ 7,121,508	$ 6,731,282	$ 6,473,329	$ 5,550,263
2	ACCUM. PROV. FOR DEPR. & AMORT	2,240,779	2,120,220	2,004,368	1,884,314	1,793,007
3	NET WATER PLANT	5,150,535	5,001,288	4,726,914	4,589,015	3,757,256
4	OTHER PHYSICAL PROPERTY	2,550	2,550	2,550	2,550	2,550
5	INVESTMENTS IN ASSOCIATED COMPANIES	-	-	-	-	-
6	OTHER INVESTMENTS AND FUNDS	-	-	-	-	-
7	TOTAL INVESTMENT AND FUND ACCOUNTS	2,550	2,550	2,550	2,550	2,550
8	CASH AND WORKING FUNDS	667,920	594,488	108,670	36,087	74,361
9	SPECIAL DEPOSITS	4,541	4,541	4,541	4,541	4,541
10	TEMPORARY CASH INVESTMENTS	-	-	-	-	-
11	NOTES & ACCTS. RECEIVABLE LESS ACCUM PROV. FOR UNCOLLECTIBLE ACCOUNTS	348,149	189,066	302,117	376,647	303,823
12	RECEIVABLES - ASSOCIATED COMPANIES	-	12,834	-	-	300,000
13	MATERIALS AND SUPPLIES	28,934	30,398	22,139	22,756	29,215
14	PREPAYMENTS	70,353	80,951	55,864	51,320	49,207
15	OTHER CURRENT AND ACCRUED ASSETS	445,417	414,256	477,587	360,142	386,782
16	TOTAL CURRENT AND ACCRUED ASSETS	1,565,314	1,326,534	970,918	851,493	1,147,929
17	UNAMORTIZED DEBT EXPENSE	-	-	-	-	-
18	EXTRAORDINARY PROPERTY LOSSES	-	-	-	-	-
19	PREL. SURVEY & INVESTIGATION CHARGES	11,401	14,145	68,739	13,348	11,233
20	CLEARING ACCOUNTS	11,501	844	22,774	1,940	3,837-
21	ACCUM. DEFERRED INCOME TAXES	16,332	10,456	-	10,456	9,581
22	OTHER DEFERRED DEBITS	222,015	219,712	301,029	303,060	315,393
23	TOTAL DEFERRED DEBITS	261,249	245,157	392,542	328,804	332,370
24	TOTAL ASSETS AND OTHER DEBITS	$ 6,979,648	$ 6,575,529	$ 6,092,924	$ 5,771,862	$ 5,240,105
	WATER UTILITY PLANT					
25	PLANT IN SERVICE	$ 7,390,270	$ 7,083,546	$ 6,731,282	$ 6,473,329	$ 5,531,266
26	PLANT LEASED TO OTHERS	-	-	-	-	-
27	CONSTRUCTION WORK IN PROGRESS	1,044	37,962	-	-	18,997
28	PLANT HELD FOR FUTURE USE	-	-	-	-	-
29	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
30	OTHER PLANT ADJUSTMENTS	-	-	-	-	-
31	ACCUM. GAINS & LOSSES FROM DISP OF UTILITY LAND & LAND RIGHTS	-	-	-	-	-
32	TOTAL WATER UTILITY PLANT	7,391,314	7,121,508	6,731,282	6,473,329	5,550,263
33	ACCUM. PROV. FOR DEPR. & AMORT	2,240,779	2,120,220	2,004,368	1,884,314	1,793,007
34	NET WATER UTILITY PLANT	$ 5,150,535	$ 5,001,288	$ 4,726,914	$ 4,589,015	$ 3,757,256
	PLANT IN SERVICE					
35	BEGINNING OF YEAR	$ 7,083,546	$ 6,731,281	$ 6,473,329	$ 5,531,266	$ 5,062,768
36	ADDITIONS	329,126	381,623	282,605	982,286	507,082
37	RETIREMENTS	22,398	29,353	24,652	26,806	38,584
38	TRANSFERS AND ADJUSTMENTS	4-	5-	-	13,417-	-
39	END OF YEAR	$ 7,390,270	$ 7,083,546-	$ 6,731,282	$ 6,473,329	$ 5,531,266

CITIZENS WATER-SUPPLY COMPANY OF NEWTOWN, THE
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 735,000	$ 735,000	$ 735,000	$ 735,000	$ 735,000	1
PREFERRED CAPITAL STOCK	-	-	-	-	-	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	1,542,181	1,339,620	1,143,328	1,143,328	1,143,328	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	3,737,297	3,536,663	3,128,317	2,872,095	2,605,404	9
REACQUIRED CAPITAL STOCK	-	-	-	-	-	10
TOTAL PROPRIETARY CAPITAL	6,014,478	5,611,283	5,006,645	4,750,423	4,483,732	11
BONDS (LESS BONDS REACQUIRED)	-	-	-	-	-	12
ADVANCES FROM ASSOCIATED COMPANIES	-	-	-	-	-	13
OTHER LONG TERM DEBT	-	-	-	-	-	14
NET UNAMORTIZED DEBT PREMIUM - DISCOUNT	-	-	-	-	-	15
TOTAL LONG TERM DEBT	-	-	-	-	-	16
NOTES AND ACCOUNTS PAYABLE	50,971	126,267	260,843	275,669	102,018	17
PAYABLES TO ASSOCIATED COMPANIES	-	10,654	7,958	39,922	7,527	18
CUSTOMERS' DEPOSITS	125,443	129,432	93,506	66,973	77,200	19
TAXES ACCRUED	51,824-	5,130-	31,228	9,224	30,970	20
OTHER CURRENT AND ACCRUED LIABILITIES	168,489	111,621	122,905	128,917	143,007	21
TOTAL CURRENT AND ACCRUED LIABILITIES	293,079	372,844	516,440	520,705	360,722	22
CUSTOMER ADVANCES FOR CONSTRUCTION	29,179	29,179	25,462	30,382	54,500	23
ACCUM. DEFERRED INVESTMENT TAX CREDITS	235,061	240,084	241,993	229,128	125,769	24
OTHER DEFERRED CREDITS	2,448	-	-	68	-	25
ACCUMULATED DEFERRED INCOME TAXES						
ACCELERATED AMORIZATION	-	-	-	-	-	26
LIBERALIZED DEPRECIATION	292,838	222,819	168,715	101,681	70,111	27
OTHER	97,876	99,320	133,669	139,475	145,271	28
TOTAL DEFERRED CREDITS	657,402	591,402	569,839	500,734	395,651	29
OPERATING RESERVES	14,689	-	-	-	-	30
TOTAL LIABILITIES AND OTHER CREDITS	$ 6,979,648	$ 6,575,529	$ 6,092,924	$ 5,771,862	$ 5,240,105	31
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS / CURRENT LIABILITIES	5.34	3.56	1.88	1.64	3.18	32
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	-	-	-	-	-	33
PREFERRED STOCK	-	-	-	-	-	34
COMMON STOCK & OTHER PAID-IN CAPITAL	37.8	36.9	37.5	39.5	41.8	35
RETAINED EARNINGS	62.1	63.0	62.4	60.4	58.1	36
LONG-TERM DEBT % OF GROSS WATER PLANT	-	-	-	-	-	37
ACCUM. PROV. FOR DEPR. & AMORT. % OF WATER PLANT	30.3	29.7	29.7	29.1	32.3	38

301C

CITIZENS WATER-SUPPLY COMPANY OF NEWTOWN, THE
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	SOURCE OF FUNDS					
	INTERNAL					
1	NET INCOME	$ 290,632	$ 604,638	$ 256,222	$ 266,691	$ 352,509
2	DEPRECIATION AND AMORTIZATIION	218,248	227,159	272,818	238,134	182,402
3	DEFERRED INCOME TAXES (NET)	57,676	17,846	74,093	128,258	78,794
4	INTEREST CAPITALIZED	-	-	-	203-	3,966-
5	OTHER (NET)	17,137	-	-	-	-
6	SUBTOTAL	583,693	849,643	603,133	632,880	609,739
7	EXTRAORDINARY ITEMS	-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	583,693	849,643	603,133	632,880	609,739
9	LESS DIVIDENDS PREFERRED	-	-	-	-	-
10	COMMON	90,000	-	-	-	-
11	NET FUNDS - INTERNAL SOURCES	493,693	849,643	603,133	632,880	609,739
	EXTERNAL					
12	LONG TERM DEBT	-	-	-	-	-
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	-	-	-	-	-
16	OTHER (NET)	6,724-	7,436	5,580	23,500	-
17	TOTAL FUNDS - EXTERNAL SOURCES	6,724-	7,436	5,580	23,500	-
	OTHER SOURCES					
18	NET DECREASE IN WORKING CAPITAL	-	-	-	456,419	-
19	OTHER	202,561	61,712	1,684	-	757-
20	TOTAL FUNDS PROVIDED	$ 689,530	$ 918,791	$ 610,397	$ 1,112,799	$ 608,982
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
21	WATER PLANT	$ 292,204	$ 419,579	$ 282,605	$ 949,873	$ 503,273
22	NON-UTILITY PLANT	-	-	-	-	-
23	OTHER	-	-	-	-	-
24	TOTAL CONSTRUCTION	292,204	419,579	282,605	949,873	503,273
25	LESS INTEREST CAPITALIZED	-	-	-	203	3,966
26	TOTAL EXCLUDING INTEREST CAPITALIZED	292,204	419,579	282,605	949,670	499,307
	RETIREMENT OF SECURITIES					
27	LONG TERM DEBT	-	-	-	-	-
28	PREFERRED STOCK	-	-	-	-	-
29	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
30	NET DECREASE IN SHORT TERM DEBT	-	-	-	-	-
31	OTHER (NET)	-	-	-	-	-
32	TOTAL RETIREMENT OF SECURITIES	-	-	-	-	-
	OTHER USES					
33	NET INCREASE IN WORKING CAPITAL	318,545	499,212	123,690	-	13,208
34	OTHER	78,781	-	204,102	163,129	96,467
35	TOTAL FUNDS APPLIED	$ 689,530	$ 918,791	$ 610,397	$ 1,112,799	$ 608,982

CITIZENS WATER-SUPPLY COMPANY OF NEWTOWN, THE
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
WATER OPERATING INCOME						
OPERATING REVENUES	$ 3,840,671	$ 3,941,807	$ 3,639,793	$ 3,381,683	$ 3,353,320	1
OPERATION AND MAINTENANCE EXPENSE	1,687,970	1,632,298	1,668,576	1,528,716	1,409,762	2
DEPRECIATION	149,681	145,828	143,022	127,533	93,833	3
AMORTIZATION	-	-	-	-	-	4
TAXES OTHER THAN INCOME TAXES	1,312,679	1,201,717	1,162,677	1,068,169	1,040,174	5
INCOME TAXES	162,476	314,001	173,471	188,329	247,298	6
TOTAL OPERATING EXPENSES	3,312,806	3,293,844	3,147,746	2,912,747	2,791,067	7
NET OPERATING REVENUES	527,865	647,963	492,047	468,936	562,253	8
INC - LEASED PLANT	-	-	-	-	-	9
TOTAL WATER OPERATING INCOME	527,865	647,963	492,047	468,936	562,253	10
OTHER INCOME						
MERCH., JOBBING, & CONTRACT WORK	1,550	2,959	819	2,429	677	11
INCOME FROM NONUTILITY OPERATIONS	-	-	-	-	-	12
NONOPERATING RENTAL INCOME	-	-	-	-	-	13
INTEREST AND DIVIDEND INCOME	-	-	-	-	-	14
ALLOWANCE FOR CONSTRUCTION FUNDS	-	401	-	203	3,966	15
MISCELLANEOUS NONOPERATING INCOME	-	60	1,839	28	328	16
GAIN ON DISPOSITION OF PROPERTY	-	-	-	-	-	17
TOTAL OTHER INCOME	1,550	3,420	2,658	2,660	4,971	18
TOTAL INCOME	529,415	651,383	494,705	471,596	567,224	19
OTHER INCOME DEDUCTIONS						
LOSS ON DISPOSITION OF PROPERTY	-	-	-	-	-	20
MISCELLANEOUS AMORTIZATION	-	-	-	-	-	21
MISCELLANEOUS DEDUCTIONS	-	-	-	3,163	197	22
TAXES OTHER THAN INC. TAXES-NONOPERATING	-	-	-	-	-	23
INCOME TAXES-NONOPERATING	4,772-	4,989-	5,832-	4,511-	3,321-	24
TOTAL INCOME DEDUCTIONS	4,772-	4,989-	5,832-	1,348-	3,124-	25
INCOME BEFORE INTEREST CHARGES	534,187	656,372	500,537	472,944	570,348	26
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	-	-	-	-	-	27
AMORT. OF DEBT DISCOUNT EXPENSE	-	-	-	-	-	28
AMORT. OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	29
INTEREST ON DEBT TO ASSOCIATED COMPANIES	236,444	236,421	235,490	214,846	208,909	30
OTHER INTEREST CHARGES	7,111	11,605	8,825	8,593-	8,930	31
TOTAL INTEREST CHARGES	243,555	248,026	244,315	206,253	217,839	33
EXTRAORDINARY ITEMS - NET	-	-	-	-	-	33
NET INCOME	$ 290,632	$ 408,346	$ 256,222	$ 266,691	$ 352,509	34
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 3,536,663	$ 3,128,317	$ 2,872,095	$ 2,605,404	$ 2,252,895	35
TRANSFERRED FROM INCOME	290,634	408,346	256,222	266,691	352,509	36
APPROPRIATIONS	-	-	-	-	-	37
DIVIDENDS DECLARED-PREFERRED STOCK	-	-	-	-	-	38
-COMMON STOCK	90,000	-	-	-	-	39
ADJUSTMENTS	-	-	-	-	-	40
BALANCE END OF YEAR	3,737,297	3,536,663	3,128,317	2,872,095	2,605,404	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 3,737,297	$ 3,536,663	$ 3,128,317	$ 2,872,095	$ 2,605,404	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME - % OF OPERATING REVENUES	7.5	10.3	7.0	7.8	10.5	45
PRETAX COVERAGE OF INTEREST EXPENSE	2.8	3.9	2.7	3.2	3.7	44
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	30.9	-	-	-	-	46
RETURN ON COMMON EQUITY	4.9	7.6	5.2	5.7	8.1	47

301E

CITIZENS WATER-SUPPLY COMPANY OF NEWTOWN, THE
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	WATER OPERATING REVENUES					
	REVENUES					
1	METERED SALES TO GENERAL CUSTOMERS	$ 3,498,931	$ 3,611,138	$ 3,327,675	$ 3,089,050	$ 3,081,325
2	UNMETERED SALES TO GENERAL CUSTOMERS	-	-	-	-	-
3	SALES TO OTHER WATER COMPANIES	-	-	-	-	-
4	OTHER SALES OF WATER	340,474	329,555	311,033	291,573	270,452
5	TOTAL REVENUES FROM SALES OF WATER	3,839,405	3,940,693	3,638,708	3,380,623	3,351,777
6	OTHER WATER OPERATING REVENUES	1,266	1,114	1,085	1,060	1,543
7	TOTAL WATER OPERATING REVENUES	$ 3,840,671	$ 3,941,807	$ 3,639,793	$ 3,381,683	$ 3,353,320
	WATER SALES (T GALLONS)					
8	METERED SALES TO GENERAL CUSTOMERS	1,419,459	1,480,810	1,399,192	1,407,021	1,490,591
9	UNMETERED SALES TO GENERAL CUSTOMERS	-	-	-	-	-
10	SALES TO OTHER WATER COMPANIES	-	-	-	-	-
11	OTHER SALES OF WATER	-	-	-	-	-
12	TOTAL SALES OF WATER	1,419,459	1,480,810	1,399,192	1,407,021	1,490,591
	AVERAGE CUSTOMERS PER MONTH					
13	METERED SALES TO GENERAL CUSTOMERS	7,649	7,644	7,644	7,655	7,636
14	UNMETERED SALES TO GENERAL CUSTOMERS	-	-	-	-	-
15	SALES TO OTHER WATER COMPANIES	-	-	-	-	-
16	OTHER SALES OF WATER	84	80	81	77	78
17	TOTAL CUSTOMERS	7,733	7,724	7,725	7,732	7,714
	WATER OPERATING REVENUE RELATIONSHIPS					
	METERED GENERAL CUSTOMERS					
18	AVG. ANNUAL BILL PER CUSTOMER	$ 457.43	$ 472.41	$ 435.33	$ 403.53	$ 403.52
19	AVG. CONSUMPTION PER CUSTOMER (T. GAL)	185.57	193.72	183.04	183.80	195.20
20	AVG. REVENUE PER T. GALLONS SOLD (CENTS)	246.50	243.86	237.83	219.55	206.72
	UNMETERED GENERAL CUSTOMERS					
21	AVG. ANNUAL BILL PER CUSTOMER	-	-	-	-	-
22	AVG. CONSUMPTION PER CUSTOMER (T. GAL)	-	-	-	-	-
23	AVG. REVENUE PER T GALLONS SOLD (CENTS)	-	-	-	-	-
	WATER OPERATION AND MAINTENANCE EXPENSES					
24	SOURCE OF SUPPLY	$ 276,837	$ 254,806	$ 249,312	$ 241,838	$ 214,595
25	POWER AND PUMPING	401,259	419,424	453,799	403,698	377,830
26	PURIFICATION	37,380	40,089	28,866	20,643	28,019
27	TRANSMISSION AND DISTRIBUTION	232,293	240,415	240,181	210,543	194,350
28	CUSTOMERS ACCT'G & COLLECTING	161,864	164,274	171,602	158,783	149,093
29	ADMINISTRATIVE & GENERAL	578,337	513,290	524,817	493,211	445,875
30	TOTAL WATER O & M EXPENSES	$ 1,687,970	$ 1,632,298	$ 1,668,577	$ 1,528,716	$ 1,409,762

CITIZENS WATER-SUPPLY COMPANY OF NEWTOWN, THE
DISTRIBUTION OF WATER REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
REVENUES	$ 3,840,671	$ 3,941,807	$ 3,639,793	$ 3,381,683	$ 3,353,320	1
SALES (THOUSAND GALLONS)	1,419,459	1,480,810	1,399,192	1,407,021	1,490,591	2
DOLLAR AMOUNTS						
PURCHASED WATER, FUEL, OR POWER FOR PUMPING & CHEMICALS	$ 385,653	$ 406,201	$ 442,930	$ 381,591	$ 362,822	3
WAGES AND BENEFITS	776,382	736,630	621,604	646,711	618,461	4
OTHER OPERATION AND MAINTENANCE EXPENSES	525,935	489,467	604,043	500,414	428,479	5
DEPRECIATION AND MAINTENANCE EXPENSES	149,681	145,828	143,022	127,533	93,833	6
INCOME TAXES - OPERATING	162,476	314,001	173,471	188,329	247,298	7
OTHER TAXES - OPERATING	1,312,679	1,201,717	1,162,677	1,068,169	1,040,174	8
INTEREST CHARGES*	243,555	248,026	244,315	206,253	217,839	9
PREFERRED DIVIDENDS*	-	-	-	-	-	10
EARNINGS AVAILABLE FOR COMMON EQUITY	284,310	399,937	247,732	262,683	344,414	11
TOTAL	$ 3,840,671	$ 3,941,807	$ 3,639,793	$ 3,381,683	$ 3,353,320	12
PERCENT OF REVENUES						
PURCHASED WATER, FUEL OR POWER FOR PUMPING & CHEMICALS	10.0	10.3	12.2	11.3	10.8	13
WAGES AND BENEFITS	20.2	18.7	17.1	19.1	18.4	14
OTHER OPERATION AND MAINTENANCE EXPENSES	13.7	12.4	16.6	14.8	12.8	15
DEPRECIATION AND AMORTIZATION EXPENSES	3.9	3.7	3.9	3.8	2.8	16
INCOME TAXES - OPERATING	4.2	8.0	4.8	5.6	7.4	17
OTHER TAXES - OPERATING	34.2	30.5	31.9	31.6	31.0	18
INTEREST CHARGES*	6.3	6.3	6.7	6.1	6.5	19
PREFERRED DIVIDENDS*	-	-	-	-	-	20
EARNINGS AVAILABLE FOR COMMON EQUITY	7.4	10.1	6.8	7.8	10.3	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
CENTS PER THOUSAND GALLONS SOLD						
PURCHASED WATER, FUEL OR POWER FOR PUMPING & CHEMICALS	27.17	27.43	31.66	27.12	24.34	23
WAGES AND BENEFITS	54.70	49.75	44.43	45.96	41.49	24
OTHER OPERATION AND MAINTENANC EXPENSES	37.05	33.05	43.17	35.57	28.75	25
DEPRECIATION AND AMORTIZATION EXPENSES	10.54	9.85	10.22	9.06	6.30	26
INCOME TAXES - OPERATING	11.45	21.20	12.40	13.38	16.59	27
OTHER TAXES - OPERATING	92.48	81.15	83.10	75.92	69.78	28
INTEREST CHARGES*	17.16	16.75	17.46	14.66	14.61	29
PREFERRED DIVIDENDS*	-	-	-	-	-	30
EARNINGS AVAILABLE FOR COMMON EQUITY	20.03	27.01	17.71	18.67	23.11	31
TOTAL	270.57	266.19	260.14	240.34	224.97	32

*NET OF AFC

COUNTRY KNOLLS WATER WORKS, INC.
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF UTILITY PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	WATER PLANT	$ 2,913,480	$ 2,844,583	$ 2,792,498	$ 2,745,709	$ 2,687,172
2	ACCUM. PROV. FOR DEPR. & AMORT	467,807	428,387	384,301	345,293	313,404
3	NET WATER PLANT	2,445,673	2,416,196	2,408,197	2,400,416	2,373,768
4	OTHER PHYSICAL PROPERTY	-	-	-	-	-
5	INVESTMENTS IN ASSOCIATED COMPANIES	-	-	-	-	-
6	OTHER INVESTMENTS AND FUNDS	-	-	-	-	-
7	TOTAL INVESTMENT AND FUND ACCOUNTS	-	-	-	-	-
8	CASH AND WORKING FUNDS	16,705	162,005	84,126	89,059	157,555
9	SPECIAL DEPOSITS	-	-	-	-	-
10	TEMPORARY CASH INVESTMENTS	-	-	-	-	-
11	NOTES & ACCTS. RECEIVABLE LESS ACCUM. PROV. FOR UNCOLLECTIBLE ACCOUNTS	552,122	482,028	241,452	237,395	191,924
12	RECEIVABLES - ASSOCIATED COMPANIES	-	-	-	-	-
13	MATERIALS AND SUPPLIES	-	-	-	-	175
14	PREPAYMENTS	64,725	60,294	53,885	47,291	53,689
15	OTHER CURRENT AND ACCRUED ASSETS	25,440	625	625	450	450
16	TOTAL CURRENT AND ACCRUED ASSETS	658,992	704,952	380,088	374,195	403,793
17	UNAMORTIZED DEBT EXPENSE	7,165	8,530	9,894	11,260	12,624
18	EXTRAORDINARY PROPERTY LOSSES	-	-	-	-	-
19	PREL. SURVEY & INVESTIGATION CHARGES	-	-	-	-	-
20	CLEARING ACCOUNTS	-	-	-	-	-
21	ACCUM. DEFERRED INCOME TAXES	-	-	-	-	-
22	OTHER DEFERRED DEBITS	193,689	-	-	-	-
23	TOTAL DEFERRED DEBITS	200,854	8,530	9,894	11,260	12,624
24	TOTAL ASSETS AND OTHER DEBITS	$ 3,305,519	$ 3,129,678	$ 2,798,179	$ 2,785,871	$ 2,790,185
	WATER UTILITY PLANT					
25	PLANT IN SERVICE	$ 2,913,480	$ 2,844,583	$ 2,778,350	$ 2,731,560	$ 2,656,317
26	PLANT LEASED TO OTHERS	-	-	-	-	-
27	CONSTRUCTION WORK IN PROGRESS	-	-	14,148	14,149	30,855
28	PLANT HELD FOR FUTURE USE	-	-	-	-	-
29	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
30	OTHER PLANT ADJUSTMENTS	-	-	-	-	-
31	ACCUM. GAINS & LOSSES FROM DISP. OF UTILITY LAND & LAND RIGHTS	-	-	-	-	-
32	TOTAL WATER UTILITY PLANT	2,913,480	2,844,583	2,792,498	2,745,709	2,687,172
33	ACCUM. PROV. FOR DEPR. & AMORT.	467,807	428,387	384,301	345,293	313,404
34	NET WATER UTILITY PLANT	$ 2,445,673	$ 2,416,196	$ 2,408,197	$ 2,400,416	$ 2,373,768
	PLANT IN SERVICE					
35	BEGINNING OF YEAR	$ 2,844,583	$ 2,778,349	$ 2,731,558	$ 2,656,317	$ 1,977,692
36	ADDITIONS	68,897	82,287	46,791	75,243	678,625
37	RETIREMENTS	-	-	-	-	-
38	TRANSFERS AND ADJUSTMENTS	-	16,053-	-	-	-
39	END OF YEAR	$ 2,913,480	$ 2,844,583	$ 2,778,349	$ 2,731,560	$ 2,656,317

COUNTRY KNOLLS WATER WORKS, INC
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

LIABILITIES AND OTHER CREDITS

ITEM	1987	1986	1985	1984	1983	LINE NO
COMMON CAPITAL STOCK	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	1
PREFERRED CAPITAL STOCK	-	-	-	-	-	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	-	354,500	-	-	-	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	955,692	544,073	450,084	405,210	359,143	9
REACQUIRED CAPITAL STOCK	-	-	-	-	-	10
TOTAL PROPRIETARY CAPITAL	975,692	918,573	470,084	425,210	379,143	11
BONDS (LESS BONDS REACQUIRED)	-	-	-	-	-	12
ADVANCES FROM ASSOCIATED COMPANIES	227,932	983,049	1,000,077	1,028,510	1,028,510	13
OTHER LONG TERM DEBT	637,500	727,500	772,500	738,190	786,940	14
NET UNAMORTIZED DEBT PREMIUM + DISCOUNT	-	-	-	-	-	15
TOTAL LONG TERM DEBT	865,432	1,710,549	1,772,577	1,766,700	1,815,450	16
NOTES AND ACCOUNTS PAYABLE	72,354	7,649	16,094	36,205	12,401	17
PAYABLES TO ASSOCIATED COMPANIES	1,389,137	489,141	535,700	542,727	457,341	18
CUSTOMERS' DEPOSITS	-	-	-	-	-	19
TAXES ACCRUED	2,904	3,766	3,724	15,029	117,041	20
OTHER CURRENT AND ACCRUED LIABILITIES	-	-	-	-	8,809	21
TOTAL CURRENT AND ACCRUED LIABILITIES	1,464,395	500,556	555,518	593,961	595,592	22
CUSTOMER ADVANCES FOR CONSTRUCTION	-	-	-	-	-	23
ACCUM. DEFERRED INVESTMENT TAX CREDITS	-	-	-	-	-	24
OTHER DEFERRED CREDITS	-	-	-	-	-	25
ACCUMULATED DEFERRED INCOME TAXES:						
ACCELERATED AMORIZATION	-	-	-	-	-	26
LIBERALIZED DEPRECIATION	-	-	-	-	-	27
OTHER	-	-	-	-	-	28
TOTAL DEFERRED CREDITS	-	-	-	-	-	29
OPERATING RESERVES	-	-	-	-	-	30
TOTAL LIABILITIES AND OTHER CREDITS	$ 3,305,519	$ 3,129,678	$ 2,798,179	$ 2,785,871	$ 2,790,185	31

SELECTED BALANCE SHEET RELATIONSHIPS

ITEM	1987	1986	1985	1984	1983	LINE NO
CURRENT ASSETS / CURRENT LIABILITIES	0.45	1.41	0.68	0.63	0.68	32
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	47.0	65.0	79.0	80.6	82.7	33
PREFERRED STOCK	-	-	-	-	-	34
COMMON STOCK & OTHER PAID-IN CAPITAL	1.0	14.2	0.8	0.9	0.9	35
RETAINED EARNINGS	51.9	20.6	20.0	18.4	16.3	36
LONG-TERM DEBT % OF GROSS WATER PLANT	29.7	60.1	63.4	64.3	67.5	37
ACCUM. PROV. FOR DEPR. & AMORT. % OF WATER PLANT	16.0	15.0	13.7	12.5	11.6	38

COUNTRY KNOLLS WATER WORKS, INC
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO.	ITEM	1987	1986	1985	1984	1983
	SOURCE OF FUNDS					
	INTERNAL:					
1	NET INCOME	$ 57,119	$ 93,989	$ 44,874	$ 46,067	$ 91,705
2	DEPRECIATION AND AMORTIZATIION	40,785	45,452	40,374	33,253	31,501
3	DEFERRED INCOME TAXES (NET)	-	-	-	-	-
4	INTEREST CAPITALIZED	-	-	-	-	-
5	OTHER (NET)	-	-	-	-	-
6	SUBTOTAL	97,904	139,441	85,248	79,320	123,206
7	EXTRAORDINARY ITEMS	-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	97,904	139,441	85,248	79,320	123,206
9	LESS DIVIDENDS: PREFERRED	-	-	-	-	-
10	COMMON	-	-	-	-	-
11	NET FUNDS - INTERNAL SOURCES	97,904	139,441	85,248	79,320	123,206
	EXTERNAL:					
12	LONG TERM DEBT	-	-	5,877	-	166,250
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	-	-	-	85,386	457,341
16	OTHER (NET)	-	354,500	-	-	-
17	TOTAL FUNDS - EXTERNAL SOURCES	-	354,500	5,877	85,386	623,591
	OTHER SOURCES					
18	NET DECREASE IN WORKING CAPITAL	622,421	-	-	-	-
19	OTHER	193,689	-	-	-	-
20	TOTAL FUNDS PROVIDED	$ 914,014	$ 493,941	$ 91,125	$ 164,706	$ 746,797
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES:					
21	WATER PLANT	$ 68,897	$ 52,086	$ 46,789	$ 58,537	$ 679,625
22	NON-UTILITY PLANT	-	-	-	-	-
23	OTHER	-	-	-	-	-
24	TOTAL CONSTRUCTION	68,897	52,086	46,789	58,537	679,625
25	LESS INTEREST CAPITALIZED	-	-	-	-	-
26	TOTAL EXCLUDING INTEREST CAPITALIZED	68,897	52,086	46,789	58,537	679,625
	RETIREMENT OF SECURITIES					
27	LONG TERM DEBT	845,117	62,029	-	48,750	-
28	PREFERRED STOCK	-	-	-	-	-
29	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
30	NET DECREASE IN SHORT TERM DEBT	-	-	-	-	-
31	OTHER (NET)	-	-	-	-	-
32	TOTAL RETIREMENT OF SECURITIES	845,117	62,029	-	48,750	-
	OTHER USES					
33	NET INCREASE IN WORKING CAPITAL	-	-	44,336	-	67,172
34	OTHER	-	379,826	-	57,419	-
35	TOTAL FUNDS APPLIED	$ 914,014	$ 493,941	$ 91,125	$ 164,706	$ 746,797

COUNTRY KNOLLS WATER WORKS, INC.
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
WATER OPERATING INCOME						
OPERATING REVENUES	$ 1,071,053	$ 985,147	$ 899,337	$ 798,411	$ 672,881	1
OPERATION AND MAINTENANCE EXPENSE	588,067	495,350	433,989	377,296	302,416	2
DEPRECIATION	39,420	44,087	39,008	31,889	30,477	3
AMORTIZATION	-	-	-	-	-	4
TAXES OTHER THAN INCOME TAXES	203,831	186,840	150,737	-	142,834	5
INCOME TAXES	-	-	-	142,647	-	6
TOTAL OPERATING EXPENSES	831,318	726,277	623,734	551,832	475,727	7
NET OPERATING REVENUES	239,735	258,870	275,603	246,579	197,154	8
INC. - LEASED PLANT	-	-	-	-	-	9
TOTAL WATER OPERATING INCOME	239,735	258,870	275,603	246,579	197,154	10
OTHER INCOME						
MERCH., JOBBING, & CONTRACT WORK	-	8,043	-	-	-	11
INCOME FROM NONUTILITY OPERATIONS	-	-	-	-	-	12
NONOPERATING RENTAL INCOME	-	-	-	-	-	13
INTEREST AND DIVIDEND INCOME	-	-	-	-	-	14
ALLOWANCE FOR CONSTRUCTION FUNDS	-	-	-	-	-	15
MISCELLANEOUS NONOPERATING INCOME	6,366	6,700	-	-	-	16
GAIN ON DISPOSITION OF PROPERTY	-	-	-	-	-	17
TOTAL OTHER INCOME	6,366	14,743	-	-	-	18
TOTAL INCOME	246,101	273,613	275,603	246,579	197,154	19
OTHER INCOME DEDUCTIONS						
LOSS ON DISPOSITION OF PROPERTY	-	-	-	-	-	20
MISCELLANEOUS AMORTIZATION	-	-	-	-	-	21
MISCELLANEOUS DEDUCTIONS	-	-	-	-	-	22
TAXES OTHER THAN INC. TAXES-NONOPERATING	-	-	-	-	-	23
INCOME TAXES-NONOPERATING	-	-	-	-	-	24
TOTAL INCOME DEDUCTIONS	-	-	-	-	-	25
INCOME BEFORE INTEREST CHARGES	246,101	273,613	275,603	246,579	197,154	26
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	73,022	71,502	98,381	108,848	90,749	27
AMORT. OF DEBT DISCOUNT EXPENSE	1,365	1,365	1,365	1,365	1,024	28
AMORT. OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	29
INTEREST ON DEBT TO ASSOCIATED COMPANIES	112,742	105,921	127,890	13,676	13,676	30
OTHER INTEREST CHARGES	1,853	836	3,093	76,623	-	31
TOTAL INTEREST CHARGES	188,982	179,624	230,729	200,512	105,449	33
EXTRAORDINARY ITEMS - NET	-	-	-	-	-	33
NET INCOME	$ 57,119	$ 93,989	$ 44,874	$ 46,067	$ 91,705	34
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 544,073	$ 450,084	405,210	$ 359,143	$ 290,534	35
TRANSFERRED FROM INCOME	57,119	93,989	44,874	46,067	91,705	36
APPROPRIATIONS	-	-	-	-	-	37
DIVIDENDS DECLARED-PREFERRED STOCK	-	-	-	-	-	38
-COMMON STOCK	-	-	-	-	-	39
ADJUSTMENTS	354,500	-	-	-	23,096-	40
BALANCE END OF YEAR	955,692	544,073	450,084	405,210	359,143	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 955,692	$ 544,073	$ 450,084	$ 405,210	$ 359,143	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME - % OF OPERATING REVENUES	5.3	9.5	4.9	5.7	13.6	45
PRETAX COVERAGE OF INTEREST EXPENSE	1.3	1.5	1.2	1.9	1.9	44
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	-	-	-	-	-	46
RETURN ON COMMON EQUITY	6.0	13.5	10.0	11.4	26.5	47

COUNTRY KNOLLS WATER WORKS, INC
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	WATER OPERATING REVENUES					
	REVENUES					
1	METERED SALES TO GENERAL CUSTOMERS	$ 1,037,050	$ 915,462	$ 856,175	$ 776,145	$ 643,650
2	UNMETERED SALES TO GENERAL CUSTOMERS	-	-	-	-	-
3	SALES TO OTHER WATER COMPANIES	-	-	-	-	-
4	OTHER SALES OF WATER	31,088	68,483	38,928	21,732	28,126
5	TOTAL REVENUES FROM SALES OF WATER	1,068,138	983,945	895,103	797,877	671,776
6	OTHER WATER OPERATING REVENUES	2,915	1,202	4,234	534	1,105
7	TOTAL WATER OPERATING REVENUES	$ 1,071,053	$ 985,147	$ 899,337	$ 798,411	$ 672,881
	WATER SALES (T GALLONS)					
8	METERED SALES TO GENERAL CUSTOMERS	414,591	359,805	341,966	306,621	271,714
9	UNMETERED SALES TO GENERAL CUSTOMERS	-	-	-	-	-
10	SALES TO OTHER WATER COMPANIES	-	-	-	-	-
11	OTHER SALES OF WATER	-	-	-	-	-
12	TOTAL SALES OF WATER	414,591	359,805	341,966	306,621	271,714
	AVERAGE CUSTOMERS PER MONTH					
13	METERED SALES TO GENERAL CUSTOMERS	4,853	4,461	4,071	3,628	3,365
14	UNMETERED SALES TO GENERAL CUSTOMERS	-	-	-	-	-
15	SALES TO OTHER WATER COMPANIES	-	-	-	-	-
16	OTHER SALES OF WATER	-	-	-	-	-
17	TOTAL CUSTOMERS	4,853	4,461	4,071	3,628	3,365
	WATER OPERATING REVENUE RELATIONSHIPS					
	METERED GENERAL CUSTOMERS					
18	AVG. ANNUAL BILL PER CUSTOMER	$ 213.69	$ 205.21	$ 210.31	$ 213.93	$ 191.27
19	AVG. CONSUMPTION PER CUSTOMER (T. GAL)	85.42	80.65	84.00	84.51	80.74
20	AVG. REVENUE PER T. GALLONS SOLD (CENTS)	250.14	254.43	250.37	253.13	236.89
	UNMETERED GENERAL CUSTOMERS					
21	AVG. ANNUAL BILL PER CUSTOMER	-	-	-	-	-
22	AVG. CONSUMPTION PER CUSTOMER (T. GAL)	-	-	-	-	-
23	AVG. REVENUE PER T GALLONS SOLD (CENTS)	-	-	-	-	-
	WATER OPERATION AND MAINTENANCE EXPENSES					
24	SOURCE OF SUPPLY	$ 27,223	$ 24,042	$ 37,742	$ 16,919	$ 12,252
25	POWER AND PUMPING	151,569	126,525	110,895	106,844	100,988
26	PURIFICATION	35,941	27,094	22,813	22,923	15,690
27	TRANSMISSION AND DISTRIBUTION	117,630	91,653	89,502	64,851	46,325
28	CUSTOMERS ACCT'G & COLLECTING	91,898	63,840	41,063	29,950	36,167
29	ADMINISTRATIVE & GENERAL	163,806	162,196	131,974	135,8[illegible]	90,994
30	TOTAL WATER O & M EXPENSES	$ 588,067	$ 495,350	$ 433,989	$ 377,296	$ 302,416

COUNTRY KNOLLS WATER WORKS, INC.
DISTRIBUTION OF WATER REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
REVENUES	$ 1,071,053	$ 985,147	$ 899,337	$ 798,411	$ 672,881	1
SALES (THOUSAND GALLONS)	414,591	359,805	341,966	306,621	271,714	2
DOLLAR AMOUNTS						
PURCHASED WATER, FUEL, OR POWER FOR PUMPING & CHEMICALS	$ 116,522	$ 98,056	$ 84,430	$ 86,560	$ 84,657	3
WAGES AND BENEFITS	251,931	214,222	179,272	149,496	111,184	4
OTHER OPERATION AND MAINTENANCE EXPENSES	219,614	183,072	170,287	141,240	106,575	5
DEPRECIATION AND MAINTENANCE EXPENSES	39,420	44,087	39,008	31,889	30,477	6
INCOME TAXES - OPERATING	-	-	-	142,647	-	7
OTHER TAXES - OPERATING	203,831	186,840	150,737	-	142,834	8
INTEREST CHARGES*	188,982	179,624	230,729	200,512	105,449	9
PREFERRED DIVIDENDS*	-	-	-	-	-	10
EARNINGS AVAILABLE FOR COMMON EQUITY	50,753	79,246	44,874	46,067	91,705	11
TOTAL	$ 1,071,053	$ 985,147	$ 899,337	$ 798,411	$ 672,881	12
PERCENT OF REVENUES						
PURCHASED WATER, FUEL OR POWER FOR PUMPING & CHEMICALS	10.9	10.0	9.4	10.8	12.6	13
WAGES AND BENEFITS	23.5	21.7	19.9	18.7	16.5	14
OTHER OPERATION AND MAINTENANCE EXPENSES	20.5	18.6	18.9	17.7	15.8	15
DEPRECIATION AND AMORTIZATION EXPENSES	3.7	4.5	4.3	4.0	4.5	16
INCOME TAXES - OPERATING	-	-	-	17.9	-	17
OTHER TAXES - OPERATING	19.0	19.0	16.8	-	21.2	18
INTEREST CHARGES*	17.6	18.2	25.7	25.1	15.7	19
PREFERRED DIVIDENDS*	-	-	-	-	-	20
EARNINGS AVAILABLE FOR COMMON EQUITY	4.7	8.0	5.0	5.8	13.6	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
CENTS PER THOUSAND GALLONS SOLD						
PURCHASED WATER, FUEL OR POWER FOR PUMPING & CHEMICALS	28.11	27.25	24.69	28.23	31.16	23
WAGES AND BENEFITS	60.77	59.54	52.42	48.76	40.92	24
OTHER OPERATION AND MAINTENANC EXPENSES	52.97	50.88	49.80	46.06	39.22	25
DEPRECIATION AND AMORTIZATION EXPENSES	9.51	12.25	11.41	10.40	11.22	26
INCOME TAXES - OPERATING	-	-	-	46.52	-	27
OTHER TAXES - OPERATING	49.16	51.93	44.08	-	52.57	28
INTEREST CHARGES*	45.58	49.92	67.47	65.39	38.81	29
PREFERRED DIVIDENDS*	-	-	-	-	-	30
EARNINGS AVAILABLE FOR COMMON EQUITY	12.24	22.02	13.12	15.02	33.75	31
TOTAL	258.34	273.80	262.99	260.39	247.64	32

*NET OF AFC

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JAMAICA WATER SUPPLY COMPANY
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF UTILITY PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO.	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	WATER PLANT	$ 95,205,493	$ 85,399,704	$ 78,148,567	$ 71,613,007	$ 65,833,395
2	ACCUM. PROV. FOR DEPR. & AMORT	22,560,316	21,281,435	20,560,147	20,047,824	19,629,947
3	NET WATER PLANT	72,645,177	64,118,269	57,588,420	51,565,183	46,203,448
4	OTHER PHYSICAL PROPERTY	5,816	5,816	5,816	5,816	5,816
5	INVESTMENTS IN ASSOCIATED COMPANIES	-	-	-	-	-
6	OTHER INVESTMENTS AND FUNDS	-	-	-	-	-
7	TOTAL INVESTMENT AND FUND ACCOUNTS	5,816	5,816	5,816	5,816	5,816
8	CASH AND WORKING FUNDS	256,679	46,341	631,485	2,534,301	434,203
9	SPECIAL DEPOSITS	1,127,464	4,266,250	5,366,891	2,846,833	5,600
10	TEMPORARY CASH INVESTMENTS	-	-	-	-	-
11	NOTES & ACCTS. RECEIVABLE LESS ACCUM. PROV. FOR UNCOLLECTIBLE ACCOUNTS	7,161,367	6,405,182	4,751,312	5,601,931	5,325,001
12	RECEIVABLES - ASSOCIATED COMPANIES	-	-	10,321	-	1,337,144
13	MATERIALS AND SUPPLIES	445,853	698,501	644,131	636,934	589,422
14	PREPAYMENTS	724,509	1,178,394	950,830	566,800	585,131
15	OTHER CURRENT AND ACCRUED ASSETS	2,594,000	2,709,000	1,655,100	1,810,000	1,580,000
16	TOTAL CURRENT AND ACCRUED ASSETS	12,309,872	15,303,668	14,010,070	13,996,799	9,856,501
17	UNAMORTIZED DEBT EXPENSE	714,949	852,509	930,321	1,016,655	656,287
18	EXTRAORDINARY PROPERTY LOSSES	-	-	-	-	-
19	PREL. SURVEY & INVESTIGATION CHARGES	-	-	-	95,031	-
20	CLEARING ACCOUNTS	-	-	-	-	-
21	ACCUM. DEFERRED INCOME TAXES	-	-	-	-	-
22	OTHER DEFERRED DEBITS	742,432	880,754	357,311	499,834	353,653
23	TOTAL DEFERRED DEBITS	1,457,381	1,733,263	1,287,632	1,611,520	1,009,940
24	TOTAL ASSETS AND OTHER DEBITS	$ 86,418,246	$ 81,161,016	$ 72,891,938	$ 67,179,318	$ 57,075,705
	WATER UTILITY PLANT					
25	PLANT IN SERVICE	$ 92,420,132	$ 83,991,375	$ 77,199,743	$ 70,829,031	$ 64,972,186
26	PLANT LEASED TO OTHERS	-	-	-	-	-
27	CONSTRUCTION WORK IN PROGRESS	2,937,471	1,560,439	1,100,934	936,086	1,013,319
28	PLANT HELD FOR FUTURE USE	-	-	-	-	-
29	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
30	OTHER PLANT ADJUSTMENTS	-	-	-	-	-
31	ACCUM. GAINS & LOSSES FROM DISP. OF UTILITY LAND & LAND RIGHTS	152,110-	152,110-	152,110-	152,110-	152,110-
32	TOTAL WATER UTILITY PLANT	95,205,493	85,399,704	78,148,567	71,613,007	65,833,395
33	ACCUM. PROV. FOR DEPR. & AMORT	22,560,316	21,281,435	20,560,147	20,047,824	19,629,947
34	NET WATER UTILITY PLANT	$ 72,645,177	$ 64,118,269	$ 57,588,420	$ 51,565,183	$ 46,203,448
	PLANT IN SERVICE:					
35	BEGINNING OF YEAR	$ 83,991,375	$ 77,199,743	$ 70,829,031	$ 64,972,186	$ 60,533,430
36	ADDITIONS	8,825,475	7,361,933	7,496,695	6,569,779	5,022,959
37	RETIREMENTS	302,149	459,513	594,293	594,913	583,323
38	TRANSFERS AND ADJUSTMENTS	94,569-	110,788-	531,690-	118,021-	880-
39	END OF YEAR	$ 92,420,132	$ 83,991,375	$ 77,199,743	$ 70,829,031	$ 64,972,186

JAMAICA WATER SUPPLY COMPANY
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 4,155,769	$ 4,155,769	$ 4,155,769	$ 4,155,769	$ 4,155,769	1
PREFERRED CAPITAL STOCK	8,173,440	3,405,530	3,537,620	3,669,710	3,801,800	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	4,785,454	2,785,454	1,285,434	1,285,454	-	7
CAPITAL STOCK EXPENSE	649,621-	429,810-	429,810-	429,810-	429,810-	8
RETAINED EARNINGS	23,715,069	21,010,454	18,861,450	16,736,880	13,929,888	9
REACQUIRED CAPITAL STOCK	-	-	-	-	-	10
TOTAL PROPRIETARY CAPITAL	40,180,111	30,927,397	27,410,483	25,418,003	21,457,647	11
BONDS (LESS BONDS REACQUIRED)	17,028,500	21,756,500	26,684,500	27,512,500	24,069,268	12
ADVANCES FROM ASSOCIATED COMPANIES	-	-	-	-	-	13
OTHER LONG TERM DEBT	-	-	-	-	-	14
NET UNAMORTIZED DEBT PREMIUM - DISCOUNT	21,977-	22,957-	23,938-	24,918-	-	15
TOTAL LONG TERM DEBT	17,006,523	21,733,543	26,660,562	27,487,582	24,069,268	16
NOTES AND ACCOUNTS PAYABLE	6,966,155	5,199,763	3,697,580	2,444,363	3,979,948	17
PAYABLES TO ASSOCIATED COMPANIES	-	-	-	-	-	18
CUSTOMERS' DEPOSITS	326,806	306,411	247,392	194,543	192,996	19
TAXES ACCRUED	1,130,142	1,340,098	1,011,523	444,002	369,492	20
OTHER CURRENT AND ACCRUED LIABILITIES	7,665,775	9,614,464	5,115,307	3,830,113	2,161,173	21
TOTAL CURRENT AND ACCRUED LIABILITIES	16,088,878	16,460,756	10,071,802	6,913,021	6,703,609	22
CUSTOMER ADVANCES FOR CONSTRUCTION	50,700	50,700	50,700	58,899	39,149	23
ACCUM. DEFERRED INVESTMENT TAX CREDITS	3,691,744	3,715,744	3,579,744	2,603,744	1,723,744	24
OTHER DEFERRED CREDITS	4,438,646	4,294,232	2,886,003	3,236,425	2,236,644	25
ACCUMULATED DEFERRED INCOME TAXES						
ACCELERATED AMORIZATION	-	-	-	-	-	26
LIBERALIZED DEPRECIATION	4,047,345	2,987,345	1,788,345	993,345	519,345	27
OTHER	914,299	991,299	444,299	478,299	326,299	28
TOTAL DEFERRED CREDITS	13,142,734	12,039,320	8,749,091	7,360,712	4,845,181	29
OPERATING RESERVES	-	-	-	-	-	30
TOTAL LIABILITIES AND OTHER CREDITS	$ 86,418,246	$ 81,161,016	$ 72,891,938	$ 67,179,318	$ 57,075,705	31
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS / CURRENT LIABILITIES	0.77	0.93	1.39	2.02	1.47	32
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	29.7	41.2	49.3	51.9	52.8	33
PREFERRED STOCK	14.2	6.4	6.5	6.9	8.3	34
COMMON STOCK & OTHER PAID-IN CAPITAL	14.4	12.3	9.2	9.4	8.1	35
RETAINED EARNINGS	41.4	39.8	34.8	31.6	30.5	36
LONG-TERM DEBT % OF GROSS WATER PLANT	17.8	25.4	34.1	38.3	36.5	37
ACCUM. PROV. FOR DEPR. & AMORT. % OF WATER PLANT	23.6	24.9	26.3	27.9	29.8	38

JAMAICA WATER SUPPLY COMPANY
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	SOURCE OF FUNDS					
	INTERNAL					
1	NET INCOME	$ 4,566,286	$ 3,825,350	$ 3,513,082	$ 3,118,640	$ 2,663,597
2	DEPRECIATION AND AMORTIZATIION	2,541,262	1,970,803	2,191,184	1,636,748	1,749,496
3	DEFERRED INCOME TAXES (NET)	959,000	1,882,000	1,737,000	1,506,000	968,000
4	INTEREST CAPITALIZED	59,097-	58,452-	112,013-	143,111-	57,962-
5	OTHER (NET)	142,176	43,031	38,987	1,054,109	37,917
6	SUBTOTAL	8,149,627	7,662,732	7,368,240	7,172,386	5,361,048
7	EXTRAORDINARY ITEMS	-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	8,149,627	7,662,732	7,368,240	7,172,386	5,361,048
9	LESS DIVIDENDS PREFERRED	437,675	282,018	296,778	311,648	326,518
10	COMMON	1,423,996	1,394,328	1,091,734	-	-
11	NET FUNDS - INTERNAL SOURCES	6,287,956	5,986,386	5,979,728	6,860,738	5,034,530
	EXTERNAL					
12	LONG TERM DEBT	-	-	-	-	-
13	PREFERRED STOCK	5,000,000	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	-	-	-	5,000,000	5,000,000
16	OTHER (NET)	2,000,000	1,500,000	-	1,285,454	-
17	TOTAL FUNDS - EXTERNAL SOURCES	7,000,000	1,500,000	-	6,285,454	5,000,000
	OTHER SOURCES					
18	NET DECREASE IN WORKING CAPITAL	2,621,918	5,095,356	3,145,510	-	-
19	OTHER	144,414	1,409,210	980	-	-
20	TOTAL FUNDS PROVIDED	$ 16,054,288	$ 13,990,952	$ 9,126,218	$ 13,146,192	$ 10,034,530
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
21	WATER PLANT	$ 9,911,615	$ 7,648,155	$ 7,182,489	$ 6,487,806	$ 4,985,468
22	NON-UTILITY PLANT	-	-	-	-	-
23	OTHER	-	-	-	-	-
24	TOTAL CONSTRUCTION	9,911,615	7,648,155	7,182,489	6,487,806	4,985,468
25	LESS INTEREST CAPITALIZED	59,097	58,452	112,013	143,111	57,962
26	TOTAL EXCLUDING INTEREST CAPITALIZED	9,852,518	7,589,703	7,070,476	6,344,695	4,927,506
	RETIREMENT OF SECURITIES					
27	LONG TERM DEBT	4,728,000	4,928,000	828,000	1,556,768	1,775,755
28	PREFERRED STOCK	232,090	132,090	132,090	132,090	132,090
29	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
30	NET DECREASE IN SHORT TERM DEBT	-	-	-	1,750,000	2,050,000
31	OTHER (NET)	-	-	-	24,918	-
32	TOTAL RETIREMENT OF SECURITIES	4,960,090	5,060,090	960,090	3,463,776	3,957,845
	OTHER USES					
33	NET INCREASE IN WORKING CAPITAL	-	-	-	2,180,886	130,829
34	OTHER	1,241,680	1,341,159	1,095,652	1,156,835	1,018,350
35	TOTAL FUNDS APPLIED	$ 16,054,263	$ 13,990,952	$ 9,126,218	$ 13,146,192	$ 10,034,530

JAMAICA WATER SUPPLY COMPANY
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
WATER OPERATING INCOME						
OPERATING REVENUES	$ 46,249,200	$ 41,540,932	$ 39,655,467	$ 37,488,594	$ 33,376,498	1
OPERATION AND MAINTENANCE EXPENSE	27,836,048	24,353,466	21,533,238	19,257,830	16,954,045	2
DEPRECIATION	1,580,635	1,479,366	1,282,634	1,176,438	1,097,692	3
AMORTIZATION	24,847	54,132	24,910	25,644	21,632	4
TAXES OTHER THAN INCOME TAXES	7,374,324	6,442,325	8,098,663	9,061,145	8,526,983	5
INCOME TAXES	2,878,000	2,710,000	2,386,000	1,940,000	1,312,000	6
TOTAL OPERATING EXPENSES	39,693,854	35,039,289	33,325,445	31,461,057	27,912,352	7
NET OPERATING REVENUES	6,555,346	6,501,643	6,330,022	6,027,537	5,464,146	8
INC. - LEASED PLANT	-	-	-	-	-	9
TOTAL WATER OPERATING INCOME	6,555,346	6,501,643	6,330,022	6,027,537	5,464,146	10
OTHER INCOME						
MERCH., JOBBING, & CONTRACT WORK	-	-	-	-	-	11
INCOME FROM NONUTILITY OPERATIONS	-	-	-	-	-	12
NONOPERATING RENTAL INCOME	-	-	-	-	-	13
INTEREST AND DIVIDEND INCOME	118,103	291,106	431,898	16,562	21,104	14
ALLOWANCE FOR CONSTRUCTION FUNDS	59,097	58,452	112,013	143,111	57,962	15
MISCELLANEOUS NONOPERATING INCOME	-	-	-	-	-	16
GAIN ON DISPOSITION OF PROPERTY	-	-	-	-	-	17
TOTAL OTHER INCOME	177,200	349,558	543,911	159,673	79,066	18
TOTAL INCOME	6,732,546	6,851,201	6,873,933	6,187,210	5,543,212	19
OTHER INCOME DEDUCTIONS						
LOSS ON DISPOSITION OF PROPERTY	-	-	-	-	-	20
MISCELLANEOUS AMORTIZATION	-	-	-	-	-	21
MISCELLANEOUS DEDUCTIONS	-	-	-	50,000	150,000	22
TAXES OTHER THAN INC. TAXES-NONOPERATING	-	-	-	-	-	23
INCOME TAXES-NONOPERATING	28,000-	60,000	149,000	85,000-	156,000-	24
TOTAL INCOME DEDUCTIONS	28,000-	60,000	149,000	35,000-	6,000-	25
INCOME BEFORE INTEREST CHARGES	6,760,546	6,791,201	6,724,933	6,222,210	5,549,212	26
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	2,086,199	2,839,709	3,077,032	2,762,055	2,483,985	27
AMORT. OF DEBT DISCOUNT EXPENSE	62,433	78,792	100,595	73,167	57,989	28
AMORT. OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	29
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	18,240	14,024	30
OTHER INTEREST CHARGES	45,628	47,350	34,224	250,108	329,617	31
TOTAL INTEREST CHARGES	2,194,260	2,965,851	3,211,851	3,103,570	2,885,615	33
EXTRAORDINARY ITEMS - NET	-	-	-	-	-	33
NET INCOME	$ 4,566,286	$ 3,825,350	$ 3,513,082	$ 3,118,640	$ 2,663,597	34
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 21,010,454	$ 18,861,450	$ 16,736,880	$ 13,929,888	$ 11,592,809	35
TRANSFERRED FROM INCOME	4,566,286	3,825,350	3,513,082	3,118,640	2,663,597	36
APPROPRIATIONS	-	-	-	-	-	37
DIVIDENDS DECLARED-PREFERRED STOCK	437,675	282,018	296,778	311,648	326,518	38
-COMMON STOCK	1,423,996	1,394,328	1,091,734	-	-	39
ADJUSTMENTS	-	-	-	-	-	40
BALANCE END OF YEAR	23,715,069	21,010,454	18,861,450	16,736,880	13,929,888	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 23,715,069	$ 21,010,454	$ 18,861,450	$ 16,736,880	$ 13,929,888	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME - % OF OPERATING REVENUES	9.8	9.2	8.8	8.3	7.9	45
PRETAX COVERAGE OF INTEREST EXPENSE	4.4	3.2	2.9	2.6	2.3	44
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	34.4	39.3	33.9	-	-	45
RETURN ON COMMON EQUITY	13.8	13.7	14.1	14.2	14.1	47

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JAMAICA WATER SUPPLY COMPANY
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	WATER OPERATING REVENUES					
	REVENUES					
1	METERED SALES TO GENERAL CUSTOMERS	$ 35,527,466	$ 28,560,480	$ 23,085,122	$ 17,289,016	$ 11,824,099
2	UNMETERED SALES TO GENERAL CUSTOMERS	2,641,156	5,592,162	10,887,459	14,411,278	16,582,465
3	SALES TO OTHER WATER COMPANIES	-	-	-	-	-
4	OTHER SALES OF WATER	7,653,770	6,770,034	5,013,616	5,108,951	4,366,032
5	TOTAL REVENUES FROM SALES OF WATER	45,822,392	40,922,676	38,986,197	36,809,245	32,772,596
6	OTHER WATER OPERATING REVENUES	426,808	618,256	669,270	679,349	603,902
7	TOTAL WATER OPERATING REVENUES	$ 46,249,200	$ 41,540,932	$ 39,655,467	$ 37,488,594	$ 33,376,498
	WATER SALES (T.GALLONS)					
8	METERED SALES TO GENERAL CUSTOMERS	18,790,000	17,524,000	15,057,000	12,599,178	9,963,157
9	UNMETERED SALES TO GENERAL CUSTOMERS	2,399,000	4,533,000	7,766,000	11,221,900	15,340,115
10	SALES TO OTHER WATER COMPANIES	-	-	-	-	-
11	OTHER SALES OF WATER	-	-	-	-	-
12	TOTAL SALES OF WATER	21,189,000	22,057,000	22,823,000	23,821,078	25,303,272
	AVERAGE CUSTOMERS PER MONTH					
13	METERED SALES TO GENERAL CUSTOMERS	106,468	93,982	76,930	53,996	35,981
14	UNMETERED SALES TO GENERAL CUSTOMERS	11,308	23,384	39,828	62,764	80,668
15	SALES TO OTHER WATER COMPANIES	-	-	-	-	-
16	OTHER SALES OF WATER	836	808	784	778	775
17	TOTAL CUSTOMERS	118,612	118,174	117,542	117,538	117,424
	WATER OPERATING REVENUE RELATIONSHIPS					
	METERED GENERAL CUSTOMERS					
18	AVG. ANNUAL BILL PER CUSTOMER	$ 333.69	$ 303.89	$ 300.07	$ 320.19	$ 328.62
19	AVG. CONSUMPTION PER CUSTOMER (T. GAL)	176.48	186.46	195.72	233.33	276.90
20	AVG. REVENUE PER T. GALLONS SOLD (CENTS)	189.08	162.98	153.32	137.22	118.68
	UNMETERED GENERAL CUSTOMERS					
21	AVG. ANNUAL BILL PER CUSTOMER	$ 233.56	$ 239.14	$ 273.36	$ 229.61	$ 205.56
22	AVG. CONSUMPTION PER CUSTOMER (T. GAL)	212.15	193.85	194.98	178.79	190.16
23	AVG. REVENUE PER T.GALLONS SOLD(CENTS)	110.09	123.37	140.19	128.42	108.10
	WATER OPERATION AND MAINTENANCE EXPENSES					
24	SOURCE OF SUPPLY	$ 498,258	$ 494,639	$ 498,185	$ 747,278	$ 756,696
25	POWER AND PUMPING	5,373,920	5,332,661	5,647,272	5,973,924	6,102,409
26	PURIFICATION	2,181,969	2,065,257	1,734,604	1,408,194	1,306,865
27	TRANSMISSION AND DISTRIBUTION	8,665,839	6,641,970	5,498,201	4,288,223	3,102,749
28	CUSTOMERS ACCT'G & COLLECTING	3,287,986	3,264,173	3,244,575	2,597,949	2,126,420
29	ADMINISTRATIVE & GENERAL	7,828,076	6,554,766	4,910,401	4,242,262	3,558,906
30	TOTAL WATER O & M EXPENSES	$ 27,836,048	$ 24,353,466	$ 21,533,238	$ 19,257,830	$ 16,954,045

JAMAICA WATER SUPPLY COMPANY
DISTRIBUTION OF WATER REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
REVENUES	$ 46,249,200	$ 41,540,932	$ 39,655,467	$ 37,488,594	$ 33,376,498	1
SALES (THOUSAND GALLONS)	21,189,000	22,057,000	22,823,000	23,821,078	25,303,272	2
DOLLAR AMOUNTS						
PURCHASED WATER, FUEL, OR POWER FOR PUMPING & CHEMICALS	$ 3,123,276	$ 3,593,822	$ 4,185,585	$ 5,186,962	$ 5,505,975	3
WAGES AND BENEFITS	10,488,235	9,521,489	8,521,320	7,500,344	6,307,570	4
OTHER OPERATION AND MAINTENANCE EXPENSES	14,224,537	11,238,155	8,826,333	6,570,524	5,140,500	5
DEPRECIATION AND MAINTENANCE EXPENSES	1,605,482	1,533,498	1,307,544	1,202,082	1,119,324	6
INCOME TAXES - OPERATING	2,878,000	2,710,000	2,386,000	1,940,000	1,312,000	7
OTHER TAXES - OPERATING	7,374,324	6,442,325	8,098,663	9,061,145	8,526,983	8
INTEREST CHARGES*	2,175,138	2,939,816	3,156,181	3,034,018	2,857,156	9
PREFERRED DIVIDENDS*	433,663	279,432	291,401	303,777	322,808	10
EARNINGS AVAILABLE FOR COMMON EQUITY	3,946,545	3,282,395	2,882,440	2,689,742	2,284,182	11
TOTAL	$ 46,249,200	$ 41,540,932	$ 39,655,467	$ 37,488,594	$ 33,376,498	12
PERCENT OF REVENUES						
PURCHASED WATER, FUEL OR POWER FOR PUMPING & CHEMICALS	6.8	8.7	10.6	13.8	16.5	13
WAGES AND BENEFITS	22.7	22.9	21.5	20.0	18.9	14
OTHER OPERATION AND MAINTENANCE EXPENSES	30.8	27.1	22.3	17.5	15.4	15
DEPRECIATION AND AMORTIZATION EXPENSES	3.5	3.7	3.3	3.2	3.4	16
INCOME TAXES - OPERATING	6.2	6.5	6.0	5.2	3.9	17
OTHER TAXES - OPERATING	15.9	15.5	20.4	24.2	25.5	18
INTEREST CHARGES*	4.7	7.1	8.0	8.1	8.6	19
PREFERRED DIVIDENDS*	0.9	0.7	0.7	0.8	1.0	20
EARNINGS AVAILABLE FOR COMMON EQUITY	8.5	7.9	7.3	7.2	6.8	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
CENTS PER THOUSAND GALLONS SOLD						
PURCHASED WATER, FUEL OR POWER FOR PUMPING & CHEMICALS	14.74	16.29	18.34	21.77	21.76	23
WAGES AND BENEFITS	49.50	43.17	37.34	31.49	24.93	24
OTHER OPERATION AND MAINTENANC EXPENSES	67.13	50.95	38.67	27.58	20.32	25
DEPRECIATION AND AMORTIZATION EXPENSES	7.58	6.95	5.73	5.05	4.42	26
INCOME TAXES - OPERATING	13.58	12.29	10.45	8.14	5.19	27
OTHER TAXES - OPERATING	34.80	29.21	35.48	38.04	33.70	28
INTEREST CHARGES*	10.27	13.33	13.83	12.74	11.29	29
PREFERRED DIVIDENDS*	2.05	1.27	1.28	1.28	1.28	30
EARNINGS AVAILABLE FOR COMMON EQUITY	18.63	14.88	12.63	11.29	9.03	31
TOTAL	218.27	188.33	173.75	157.38	131.91	32

*NET OF AFC

LONG ISLAND WATER CORPORATION
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF UTILITY PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO.	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	WATER PLANT	$ 47,838,681	$ 45,173,345	$ 43,489,008	$ 42,195,102	$ 41,103,012
2	ACCUM. PROV. FOR DEPR. & AMORT	14,545,033	13,835,996	13,226,724	12,581,639	11,983,083
3	NET WATER PLANT	33,293,648	31,337,349	30,262,284	29,613,463	29,119,929
4	OTHER PHYSICAL PROPERTY	63,368	63,368	63,368	63,368	63,368
5	INVESTMENTS IN ASSOCIATED COMPANIES	-	-	-	-	-
6	OTHER INVESTMENTS AND FUNDS	-	-	-	-	-
7	TOTAL INVESTMENT AND FUND ACCOUNTS	63,368	63,368	63,368	63,368	63,368
8	CASH AND WORKING FUNDS	69,388	84,232	131,654	98,276	124,878
9	SPECIAL DEPOSITS	3,864,694	250	250	250	250
10	TEMPORARY CASH INVESTMENTS	-	-	-	-	-
11	NOTES & ACCTS. RECEIVABLE LESS ACCUM PROV. FOR UNCOLLECTIBLE ACCOUNTS	2,173,600	2,097,977	2,164,483	1,974,852	1,898,839
12	RECEIVABLES - ASSOCIATED COMPANIES	4,931	14,577	-	-	-
13	MATERIALS AND SUPPLIES	579,723	538,183	491,686	524,624	545,112
14	PREPAYMENTS	375,829	265,126	249,183	231,967	222,113
15	OTHER CURRENT AND ACCRUED ASSETS	1,366,076	1,298,403	1,221,447	1,194,570	1,136,502
16	TOTAL CURRENT AND ACCRUED ASSETS	8,434,241	4,298,748	4,258,703	4,024,539	3,927,694
17	UNAMORTIZED DEBT EXPENSE	671,548	270,302	298,908	202,120	223,112
18	EXTRAORDINARY PROPERTY LOSSES	-	-	-	-	-
19	PREL. SURVEY & INVESTIGATION CHARGES	33,777	23,523	16,772	10,596	13,710
20	CLEARING ACCOUNTS	208	25	682	-	-
21	ACCUM. DEFERRED INCOME TAXES	-	-	-	-	-
22	OTHER DEFERRED DEBITS	176,306	292,486	125,765	253,011	75,359
23	TOTAL DEFERRED DEBITS	881,839	586,336	442,127	465,727	312,181
24	TOTAL ASSETS AND OTHER DEBITS	$ 42,673,096	$ 36,285,801	$ 35,026,482	$ 34,167,097	$ 33,423,172
	WATER UTILITY PLANT					
25	PLANT IN SERVICE	$ 45,223,901	$ 43,566,489	$ 42,067,975	$ 41,185,026	$ 39,851,742
26	PLANT LEASED TO OTHERS	-	-	-	-	-
27	CONSTRUCTION WORK IN PROGRESS	1,751,123	698,921	468,820	13,586	254,780
28	PLANT HELD FOR FUTURE USE	110,933	110,933	110,933	110,933	110,933
29	PLANT ACQUISITION ADJUSTMENTS	752,724	797,002	841,280	885,557	885,557
30	OTHER PLANT ADJUSTMENTS	-	-	-	-	-
31	ACCUM. GAINS & LOSSES FROM DISP OF UTILITY LAND & LAND RIGHTS	-	-	-	-	-
32	TOTAL WATER UTILITY PLANT	47,838,681	45,173,345	43,489,008	42,195,102	41,103,012
33	ACCUM. PROV. FOR DEPR. & AMORT	14,545,033	13,835,996	13,226,724	12,581,639	11,983,083
34	NET WATER UTILITY PLANT	$ 33,293,648	$ 31,337,349	$ 30,262,284	$ 29,613,463	$ 29,119,929
	PLANT IN SERVICE					
35	BEGINNING OF YEAR	$ 43,566,489	$ 42,067,975	$ 41,185,026	$ 39,851,742	$ 38,932,211
36	ADDITIONS	1,793,022	1,714,431	990,851	1,467,770	1,055,450
37	RETIREMENTS	135,610	187,485	107,902	134,486	135,919
38	TRANSFERS AND ADJUSTMENTS	-	28,432-	-	-	-
39	END OF YEAR	$ 45,223,901	$ 43,566,489	$ 42,067,975	$ 41,185,026	$ 39,851,742

LONG ISLAND WATER CORPORATION
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 10,000,000	$ 10,000,000	$ 10,000,000	$ 10,000,000	$ 10,000,000	1
PREFERRED CAPITAL STOCK	1,125,000	1,125,000	1,125,000	1,125,000	1,125,000	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	4,855,673	4,635,931	4,162,279	4,329,336	4,448,514	9
REACQUIRED CAPITAL STOCK	-	-	-	-	-	10
TOTAL PROPRIETARY CAPITAL	15,980,673	15,760,931	15,287,283	15,454,336	15,573,514	11
BONDS (LESS BONDS REACQUIRED)	20,440,000	13,940,000	15,580,000	11,920,000	13,500,000	12
ADVANCES FROM ASSOCIATED COMPANIES	-	-	-	-	-	13
OTHER LONG TERM DEBT	-	-	-	-	-	14
NET UNAMORTIZED DEBT PREMIUM - DISCOUNT	-	-	-	-	-	15
TOTAL LONG TERM DEBT	20,440,000	13,940,000	15,580,000	11,920,000	13,500,000	16
NOTES AND ACCOUNTS PAYABLE	942,186	1,004,128	965,797	896,760	971,729	17
PAYABLES TO ASSOCIATED COMPANIES	947,825	1,958,553	559,246-	2,955,281	855,236	18
CUSTOMERS' DEPOSITS	102,660	127,764	118,636	124,213	130,800	19
TAXES ACCRUED	770,179	618,778	1,101,526	619,936	574,826	20
OTHER CURRENT AND ACCRUED LIABILITIES	1,016,330	808,774	777,942	748,685	708,005	21
TOTAL CURRENT AND ACCRUED LIABILITIES	3,779,180	4,517,997	2,404,655	5,344,875	3,240,596	22
CUSTOMER ADVANCES FOR CONSTRUCTION	561,162	435,356	382,389	240,760	258,970	23
ACCUM. DEFERRED INVESTMENT TAX CREDITS	613,370	628,329	639,194	572,589	443,547	24
OTHER DEFERRED CREDITS	279,469	91,438	73,527	68,527	49,998	25
ACCUMULATED DEFERRED INCOME TAXES						
ACCELERATED AMORIZATION	-	-	-	-	-	26
LIBERALIZED DEPRECIATION	962,947	794,173	620,643	469,306	334,893	27
OTHER	56,295	117,577	38,795	96,704	21,654	28
TOTAL DEFERRED CREDITS	2,473,243	2,066,873	1,754,547	1,447,886	1,109,062	29
OPERATING RESERVES	-	-	-	-	-	30
TOTAL LIABILITIES AND OTHER CREDITS	$ 42,673,096	$ 36,285,801	$ 35,026,482	$ 34,167,097	$ 33,423,172	31
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS / CURRENT LIABILITIES	2.23	0.95	1.77	0.75	1.21	32
PERCENT OF CAPITALIZATION:						
LONG TERM DEBT	56.1	46.9	50.4	43.5	46.4	33
PREFERRED STOCK	3.0	3.7	3.6	4.1	3.8	34
COMMON STOCK & OTHER PAID-IN CAPITAL	27.4	33.6	32.3	36.5	34.3	35
RETAINED EARNINGS	13.3	15.6	13.4	15.8	15.3	36
LONG-TERM DEBT % OF GROSS WATER PLANT	42.7	30.8	35.8	28.2	32.8	37
ACCUM. PROV. FOR DEPR. & AMORT. % OF WATER PLANT	30.4	30.6	30.4	29.8	29.1	38

LONG ISLAND WATER CORPORATION
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	SOURCE OF FUNDS					
	INTERNAL					
1	NET INCOME	$ 1,573,116	$ 2,202,772	$ 2,016,568	$ 2,230,947	$ 2,285,416
2	DEPRECIATION AND AMORTIZATIION	729,839	701,516	685,339	648,713	632,831
3	DEFERRED INCOME TAXES (NET)	92,534	241,448	160,032	338,505	145,881
4	INTEREST CAPITALIZED	54,087-	31,890-	1,919-	34,290-	8,552-
5	OTHER (NET)	293,773	165,578-	25,948	172,928-	55,844
6	SUBTOTAL	2,635,175	2,948,268	2,885,968	3,010,947	3,111,420
7	EXTRAORDINARY ITEMS	-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	2,635,175	2,948,268	2,885,968	3,010,947	3,111,420
9	LESS DIVIDENDS: PREFERRED	50,625	50,625	50,625	50,625	50,625
10	COMMON	1,302,750	1,678,500	2,133,000	2,299,500	1,901,250
11	NET FUNDS - INTERNAL SOURCES	1,281,800	1,219,143	702,343	660,822	1,159,545
	EXTERNAL					
12	LONG TERM DEBT	3,135,556	-	4,000,000	-	-
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	-	2,517,799	-	2,100,045	105,403
16	OTHER (NET)	137,487-	187,485-	-	226,927	-
17	TOTAL FUNDS - EXTERNAL SOURCES	2,998,069	2,330,314	4,000,000	2,326,972	105,403
	OTHER SOURCES					
18	NET DECREASE IN WORKING CAPITAL	10,834	7,415	340,139	92,611-	123,552-
19	OTHER	-	-	-	-	141,522
20	TOTAL FUNDS PROVIDED	$ 4,290,703	$ 3,556,872	$ 5,042,482	$ 2,895,183	$ 1,282,918
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
21	WATER PLANT	$ 2,834,062	$ 1,928,678	$ 1,449,346	$ 1,318,460	$ 1,083,491
22	NON-UTILITY PLANT	-	-	-	-	-
23	OTHER	-	-	-	-	-
24	TOTAL CONSTRUCTION	2,834,062	1,928,678	1,449,346	1,318,460	1,083,491
25	LESS INTEREST CAPITALIZED	54,087	31,890	1,919	34,290	8,552
26	TOTAL EXCLUDING INTEREST CAPITALIZED	2,779,975	1,896,788	1,447,427	1,284,170	1,074,939
	RETIREMENT OF SECURITIES					
27	LONG TERM DEBT	500,000	340,000	340,000	1,580,000	180,000
28	PREFERRED STOCK	-	-	-	-	-
29	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
30	NET DECREASE IN SHORT TERM DEBT	1,010,728	1,300,000	3,514,527	-	-
31	OTHER (NET)	-	-	1,300,000-	-	-
32	TOTAL RETIREMENT OF SECURITIES	1,510,728	1,640,000	2,554,527	1,580,000	180,000
	OTHER USES					
33	NET INCREASE IN WORKING CAPITAL	-	-	-	-	-
34	OTHER	-	20,084	1,040,528	31,013	27,979
35	TOTAL FUNDS APPLIED	$ 4,290,703	$ 3,556,872	$ 5,042,482	$ 2,895,183	$ 1,282,918

LONG ISLAND WATER CORPORATION
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS

ITEM	1987	1986	1985	1984	1983	LINE NO.
WATER OPERATING INCOME						
OPERATING REVENUES	$ 23,763,779	$ 23,630,022	$ 22,395,060	$ 21,101,766	$ 20,522,055	1
OPERATION AND MAINTENANCE EXPENSE	8,791,100	8,545,319	7,903,629	7,369,012	7,056,784	2
DEPRECIATION	699,626	672,910	656,527	627,721	611,777	3
AMORTIZATION	-	-	-	-	-	4
TAXES OTHER THAN INCOME TAXES	9,895,896	8,861,123	8,599,434	7,854,526	7,546,702	5
INCOME TAXES	1,009,649	1,641,535	1,451,978	1,567,344	1,567,381	6
TOTAL OPERATING EXPENSES	20,396,271	19,720,887	18,611,568	17,418,603	16,782,644	7
NET OPERATING REVENUES	3,367,508	3,909,135	3,783,492	3,683,163	3,739,411	8
INC. - LEASED PLANT	-	-	-	400	1,100	9
TOTAL WATER OPERATING INCOME	3,367,508	3,909,135	3,783,492	3,683,563	3,740,511	10
OTHER INCOME						
MERCH., JOBBING, & CONTRACT WORK	3,097-	1,353-	2,144	63-	11,203	11
INCOME FROM NONUTILITY OPERATIONS	3,019	526-	795	1,702	-	12
NONOPERATING RENTAL INCOME	-	-	-	-	-	13
INTEREST AND DIVIDEND INCOME	-	-	-	81	67	14
ALLOWANCE FOR CONSTRUCTION FUNDS	54,087	31,890	1,919	34,290	8,552	15
MISCELLANEOUS NONOPERATING INCOME	-	9	-	-	10,891	16
GAIN ON DISPOSITION OF PROPERTY	-	-	-	-	-	17
TOTAL OTHER INCOME	54,009	30,020	4,858	36,010	30,713	18
TOTAL INCOME	3,421,517	3,939,155	3,788,350	3,719,573	3,771,224	19
OTHER INCOME DEDUCTIONS						
LOSS ON DISPOSITION OF PROPERTY	-	-	-	-	-	20
MISCELLANEOUS AMORTIZATION	44,278	44,278	44,278	-	-	21
MISCELLANEOUS DEDUCTIONS	22,356	19,583	10,657	13,650	11,800	22
TAXES OTHER THAN INC. TAXES-NONOPERATING	14,311	12,523	11,760	11,010	14,408	23
INCOME TAXES-NONOPERATING	14,959-	10,864-	17,275	908-	7,050-	24
TOTAL INCOME DEDUCTIONS	65,986	65,520	83,970	23,752	19,158	25
INCOME BEFORE INTEREST CHARGES	3,355,531	3,873,635	3,704,380	3,695,821	3,752,066	26
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	1,616,245	1,608,615	1,731,873	1,293,884	1,390,662	27
AMORT. OF DEBT DISCOUNT EXPENSE	30,213	28,606	28,812	20,992	21,054	28
AMORT. OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	29
INTEREST ON DEBT TO ASSOCIATED COMPANIES	153,489	12,927	87,059-	136,357	40,573	30
OTHER INTEREST CHARGES	17,533-	20,714	14,186	13,641	14,361	31
TOTAL INTEREST CHARGES	1,782,414	1,670,862	1,687,812	1,464,874	1,466,650	33
EXTRAORDINARY ITEMS - NET	-	-	-	-	-	33
NET INCOME	$ 1,573,117	$ 2,202,773	$ 2,016,568	$ 2,230,947	$ 2,285,416	34
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 4,635,931	$ 4,162,284	$ 4,329,336	$ 4,448,514	$ 4,114,973	35
TRANSFERRED FROM INCOME	1,573,117	2,202,772	2,016,568	2,230,947	2,285,416	36
APPROPRIATIONS	-	-	-	-	-	37
DIVIDENDS DECLARED-PREFERRED STOCK	50,625	50,625	50,625	50,625	50,625	38
-COMMON STOCK	1,302,750	1,678,500	2,133,000	2,299,500	1,901,250	39
ADJUSTMENTS	-	-	-	-	-	40
BALANCE END OF YEAR	4,855,673	4,635,931	4,162,279	4,329,336	4,448,514	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 4,855,673	$ 4,635,931	$ 4,162,279	$ 4,329,336	$ 4,448,514	43

SELECTED INCOME ACCOUNT RELATIONSHIPS

ITEM	1987	1986	1985	1984	1983	LINE NO.
NET INCOME - % OF OPERATING REVENUES	6.6	9.3	9.0	10.5	11.1	45
PRETAX COVERAGE OF INTEREST EXPENSE	2.4	3.3	3.1	3.6	3.6	44
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	85.5	77.9	108.4	105.4	85.0	46
RETURN ON COMMON EQUITY	10.3	14.9	13.8	15.1	15.6	47

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LONG ISLAND WATER CORPORATION
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	WATER OPERATING REVENUES					
	REVENUES					
1	METERED SALES TO GENERAL CUSTOMERS	$ 21,924,818	$ 21,757,952	$ 20,547,671	$ 19,369,833	$ 18,841,099
2	UNMETERED SALES TO GENERAL CUSTOMERS	8,249	5,105	5,828	3,333	8,357
3	SALES TO OTHER WATER COMPANIES	-	-	-	-	-
4	OTHER SALES OF WATER	1,882,403	1,817,842	1,778,254	1,670,165	1,623,042
5	TOTAL REVENUES FROM SALES OF WATER	23,815,470	23,580,899	22,331,753	21,043,331	20,472,498
6	OTHER WATER OPERATING REVENUES	51,691-	49,123	63,307	58,435	49,557
7	TOTAL WATER OPERATING REVENUES	$ 23,763,779	$ 23,630,022	$ 22,395,060	$ 21,101,766	$ 20,522,055
	WATER SALES (T GALLONS)					
8	METERED SALES TO GENERAL CUSTOMERS	9,685,410	10,018,449	9,438,764	9,339,926	9,466,051
9	UNMETERED SALES TO GENERAL CUSTOMERS	1,173	1,618	1,717	1,305	3,506
10	SALES TO OTHER WATER COMPANIES	-	-	-	-	-
11	OTHER SALES OF WATER	-	-	-	-	-
12	TOTAL SALES OF WATER	9,686,583	10,020,067	9,440,481	9,341,231	9,469,557
	AVERAGE CUSTOMERS PER MONTH					
13	METERED SALES TO GENERAL CUSTOMERS	72,428	71,543	71,202	70,929	70,883
14	UNMETERED SALES TO GENERAL CUSTOMERS	5	7	8	5	9
15	SALES TO OTHER WATER COMPANIES	-	-	-	-	-
16	OTHER SALES OF WATER	542	526	509	500	428
17	TOTAL CUSTOMERS	72,975	72,076	71,719	71,434	71,320
	WATER OPERATING REVENUE RELATIONSHIPS					
	METERED GENERAL CUSTOMERS					
18	AVG. ANNUAL BILL PER CUSTOMER	$ 302.71	$ 304.12	$ 288.58	$ 273.08	$ 265.80
19	AVG. CONSUMPTION PER CUSTOMER (T. GAL)	133.72	140.03	132.56	131.67	133.54
20	AVG. REVENUE PER T. GALLONS SOLD (CENTS)	226.37	217.18	217.69	207.39	199.04
	UNMETERED GENERAL CUSTOMERS					
21	AVG. ANNUAL BILL PER CUSTOMER	$ 1,649.80	$ 729.28	$ 728.50	$ 666.60	$ 928.55
22	AVG. CONSUMPTION PER CUSTOMER (T. GAL)	234.60	231.14	214.62	261.00	389.55
23	AVG. REVENUE PER T.GALLONS SOLD(CENTS)	703.24	315.51	339.43	255.40	238.36
	WATER OPERATION AND MAINTENANCE EXPENSES					
24	SOURCE OF SUPPLY	$ 96,469	$ 78,563	$ 82,143	$ 77,555	$ 81,540
25	POWER AND PUMPING	2,118,110	2,013,004	2,117,490	1,931,356	1,924,094
26	PURIFICATION	788,239	769,815	680,240	700,682	634,153
27	TRANSMISSION AND DISTRIBUTION	1,886,209	1,790,692	1,671,803	1,611,286	1,595,001
28	CUSTOMERS ACCT'G & COLLECTING	1,434,520	1,439,380	1,396,334	1,283,316	1,246,990
29	ADMINISTRATIVE & GENERAL	2,467,551	2,453,865	1,955,619	1,764,817	1,575,006
30	TOTAL WATER O & M EXPENSES	$ 8,791,098	$ 8,545,319	$ 7,903,629	$ 7,369,012	$ 7,056,784

LONG ISLAND WATER CORPORATION
DISTRIBUTION OF WATER REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
REVENUES	$ 23,763,779	$ 23,630,022	$ 22,395,060	$ 21,101,766	$ 20,522,055	1
SALES (THOUSAND GALLONS)	9,586,583	10,020,067	9,440,481	9,341,231	9,469,557	2
DOLLAR AMOUNTS						
PURCHASED WATER, FUEL, OR POWER FOR PUMPING & CHEMICALS	$ 1,610,438	$ 1,563,792	$ 1,682,401	$ 1,549,773	$ 1,533,075	3
WAGES AND BENEFITS	4,736,888	4,696,245	4,185,211	3,958,155	3,736,849	4
OTHER OPERATION AND MAINTENANCE EXPENSES	2,443,772	2,285,282	2,036,017	1,860,684	1,785,760	5
DEPRECIATION AND MAINTENANCE EXPENSES	699,626	672,910	656,527	627,721	611,777	6
INCOME TAXES - OPERATING	1,009,649	1,641,535	1,451,978	1,567,344	1,567,381	7
OTHER TAXES - OPERATING	9,895,896	8,861,123	8,599,434	7,854,526	7,546,702	8
INTEREST CHARGES*	1,755,107	1,657,527	1,686,943	1,452,256	1,463,409	9
PREFERRED DIVIDENDS*	49,770	50,205	50,600	50,145	50,505	10
EARNINGS AVAILABLE FOR COMMON EQUITY	1,562,631	2,201,403	2,045,949	2,181,162	2,226,597	11
TOTAL	$ 23,763,779	$ 23,630,022	$ 22,395,060	$ 21,101,766	$ 20,522,055	12
PERCENT OF REVENUES						
PURCHASED WATER, FUEL OR POWER FOR PUMPING & CHEMICALS	6.8	6.6	7.5	7.3	7.5	13
WAGES AND BENEFITS	19.9	19.9	18.7	18.8	18.2	14
OTHER OPERATION AND MAINTENANCE EXPENSES	10.3	9.7	9.1	8.8	8.7	15
DEPRECIATION AND AMORTIZATION EXPENSES	2.9	2.8	2.9	3.0	3.0	16
INCOME TAXES - OPERATING	4.2	6.9	6.5	7.4	7.6	17
OTHER TAXES - OPERATING	41.6	37.5	38.4	37.2	36.8	18
INTEREST CHARGES*	7.4	7.0	7.5	6.9	7.1	19
PREFERRED DIVIDENDS*	0.2	0.2	0.2	0.2	0.2	20
EARNINGS AVAILABLE FOR COMMON EQUITY	6.6	9.3	9.1	10.3	10.8	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
CENTS PER THOUSAND GALLONS SOLD						
PURCHASED WATER, FUEL OR POWER FOR PUMPING & CHEMICALS	16.63	15.61	17.82	16.59	16.19	23
WAGES AND BENEFITS	48.90	46.87	44.33	42.37	39.46	24
OTHER OPERATION AND MAINTENANC EXPENSES	25.23	22.81	21.57	19.92	18.86	25
DEPRECIATION AND AMORTIZATION EXPENSES	7.22	6.72	6.95	6.72	6.46	26
INCOME TAXES - OPERATING	10.42	16.38	15.38	16.78	16.55	27
OTHER TAXES - OPERATING	102.16	88.43	91.09	84.08	79.69	28
INTEREST CHARGES*	18.12	16.54	17.87	15.55	15.45	29
PREFERRED DIVIDENDS*	0.51	0.50	0.54	0.54	0.53	30
EARNINGS AVAILABLE FOR COMMON EQUITY	16.13	21.97	21.67	23.35	23.51	31
TOTAL	245.33	235.83	237.22	225.90	216.72	32

*NET OF AFC

NEW ROCHELLE WATER COMPANY, THE
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF UTILITY PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO.	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	WATER PLANT	$ 31,630,468	$ 30,290,520	$ 28,928,743	$ 27,422,296	$ 26,051,953
2	ACCUM. PROV. FOR DEPR. & AMORT.	7,372,272	7,012,182	6,617,188	6,344,504	5,992,404
3	NET WATER PLANT	24,258,196	23,278,338	22,311,555	21,077,792	20,059,549
4	OTHER PHYSICAL PROPERTY	-	-	-	-	-
5	INVESTMENTS IN ASSOCIATED COMPANIES	-	-	-	-	-
6	OTHER INVESTMENTS AND FUNDS	-	-	-	-	-
7	TOTAL INVESTMENT AND FUND ACCOUNTS	-	-	-	-	-
8	CASH AND WORKING FUNDS	4,945,940	4,503,508	3,571,693	2,504,362	118,837
9	SPECIAL DEPOSITS	800	800	800	1,350	1,350
10	TEMPORARY CASH INVESTMENTS	-	-	-	-	-
11	NOTES & ACCTS. RECEIVABLE LESS ACCUM PROV. FOR UNCOLLECTIBLE ACCOUNTS	1,078,735	535,773	600,821	981,832	945,886
12	RECEIVABLES - ASSOCIATED COMPANIES	-	10,925	10,471	10,235	1,309,464
13	MATERIALS AND SUPPLIES	176,444	151,543	143,968	133,153	140,080
14	PREPAYMENTS	165,029	198,211	127,869	113,733	114,717
15	OTHER CURRENT AND ACCRUED ASSETS	1,781,756	1,790,927	1,919,871	1,592,697	1,450,277
16	TOTAL CURRENT AND ACCRUED ASSETS	8,148,704	7,191,687	6,375,493	5,337,362	4,080,611
17	UNAMORTIZED DEBT EXPENSE	-	-	-	-	-
18	EXTRAORDINARY PROPERTY LOSSES	-	-	-	-	-
19	PREL. SURVEY & INVESTIGATION CHARGES	2,824	-	-	10,880	-
20	CLEARING ACCOUNTS	59,007	1,831	575	19,930	9,181
21	ACCUM. DEFERRED INCOME TAXES	262,562	-	-	-	-
22	OTHER DEFERRED DEBITS	366,534	437,292	436,661	521,202	435,303
23	TOTAL DEFERRED DEBITS	690,927	439,123	437,236	552,012	444,484
24	TOTAL ASSETS AND OTHER DEBITS	$ 33,097,827	$ 30,909,148	$ 29,124,284	$ 26,967,166	$ 24,584,644
	WATER UTILITY PLANT					
25	PLANT IN SERVICE	$ 31,603,413	$ 30,277,678	$ 29,002,146	$ 27,259,545	$ 26,140,351
26	PLANT LEASED TO OTHERS	-	-	-	-	-
27	CONSTRUCTION WORK IN PROGRESS	117,901	103,688	17,443	253,597	2,448
28	PLANT HELD FOR FUTURE USE	-	-	-	-	-
29	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
30	OTHER PLANT ADJUSTMENTS	-	-	-	-	-
31	ACCUM. GAINS & LOSSES FROM DISP OF UTILITY LAND & LAND RIGHTS	90,846-	90,846-	90,846-	90,846-	90,846-
32	TOTAL WATER UTILITY PLANT	31,630,468	30,290,520	28,928,743	27,422,296	26,051,953
33	ACCUM. PROV. FOR DEPR. & AMORT.	7,372,272	7,012,182	6,617,188	6,344,504	5,992,404
34	NET WATER UTILITY PLANT	$ 24,258,196	$ 23,278,338	$ 22,311,555	$ 21,077,792	$ 20,059,549
	PLANT IN SERVICE:					
35	BEGINNING OF YEAR	$ 30,277,678	$ 29,002,149	$ 27,259,545	$ 26,140,351	$ 25,100,639
36	ADDITIONS	1,490,516	1,387,427	2,177,146	1,249,993	1,264,195
37	RETIREMENTS	165,114	105,917	198,432	94,815	160,838
38	TRANSFERS AND ADJUSTMENTS	333	5,970-	236,113-	35,984-	63,645-
39	END OF YEAR	$ 31,603,413	$ 30,277,689	$ 29,002,146	$ 27,259,545	$ 26,140,351

NEW ROCHELLE WATER COMPANY, THE
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	1
PREFERRED CAPITAL STOCK	-	30,600	30,600	30,600	30,600	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	550,075	283,914	-	-	-	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	9,003,497	9,003,497	9,003,497	9,003,497	9,003,497	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	18,094,734	15,829,001	14,477,857	13,074,548	11,328,005	9
REACQUIRED CAPITAL STOCK	-	-	-	-	-	10
TOTAL PROPRIETARY CAPITAL	27,698,306	25,197,012	23,561,954	22,158,645	20,412,102	11
BONDS (LESS BONDS REACQUIRED)	-	-	-	-	-	12
ADVANCES FROM ASSOCIATED COMPANIES	-	-	-	-	-	13
OTHER LONG TERM DEBT	-	-	-	-	-	14
NET UNAMORTIZED DEBT PREMIUM - DISCOUNT	-	-	-	-	-	15
TOTAL LONG TERM DEBT	-	-	-	-	-	16
NOTES AND ACCOUNTS PAYABLE	237,246	308,293	697,119	605,593	311,508	17
PAYABLES TO ASSOCIATED COMPANIES	-	12,834	322,641	22,739	11,241	18
CUSTOMERS' DEPOSITS	21,820	23,702	24,056	23,994	23,580	19
TAXES ACCRUED	165,592	210,259	99,416	74,783	256,253	20
OTHER CURRENT AND ACCRUED LIABILITIES	733,658	645,274	627,340	684,211	874,475	21
TOTAL CURRENT AND ACCRUED LIABILITIES	1,158,316	1,200,362	1,770,572	1,411,320	1,477,057	22
CUSTOMER ADVANCES FOR CONSTRUCTION	1,249,822	1,329,561	763,963	643,764	234,236	23
ACCUM. DEFERRED INVESTMENT TAX CREDITS	826,281	840,136	880,739	744,167	618,602	24
OTHER DEFERRED CREDITS	590,298	882	383-	9-	-	25
ACCUMULATED DEFERRED INCOME TAXES						
ACCELERATED AMORIZATION	-	-	-	-	-	26
LIBERALIZED DEPRECIATION	1,094,748	861,436	663,069	486,189	378,061	27
OTHER	160,221	196,403	201,014	239,734	181,230	28
TOTAL DEFERRED CREDITS	3,921,370	3,228,418	2,508,402	2,113,845	1,412,129	29
OPERATING RESERVES	319,835	1,283,356	1,283,356	1,283,356	1,283,356	30
TOTAL LIABILITIES AND OTHER CREDITS	$ 33,097,827	$ 30,909,148	$ 29,124,284	$ 26,967,166	$ 24,584,644	31
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS / CURRENT LIABILITIES	7.03	5.99	3.60	3.78	2.76	32
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	-	-	-	-	-	33
PREFERRED STOCK	-	0.1	0.1	0.1	0.1	34
COMMON STOCK & OTHER PAID-IN CAPITAL	34.6	37.0	38.4	40.8	44.3	35
RETAINED EARNINGS	65.3	62.8	61.4	59.0	55.4	36
LONG-TERM DEBT % OF GROSS WATER PLANT	-	-	-	-	-	37
ACCUM. PROV. FOR DEPR. & AMORT % OF WATER PLANT	23.3	23.1	22.8	23.1	23.0	38

NEW ROCHELLE WATER COMPANY, THE
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO.	ITEM	1987	1986	1985	1984	1983
	SOURCE OF FUNDS					
	INTERNAL					
1	NET INCOME	$ 1,363,985	$ 1,714,254	$ 1,403,309	$ 1,746,543	$ 1,734,633
2	DEPRECIATION AND AMORTIZATIION	671,073	676,268	693,071	617,211	674,106
3	DEFERRED INCOME TAXES (NET)	183,275	153,153	274,732	292,197	145,471
4	INTEREST CAPITALIZED	-	-	-	-	51-
5	OTHER (NET)	910,133	-	-	-	-
6	SUBTOTAL	3,128,466	2,543,675	2,371,112	2,655,951	2,554,159
7	EXTRAORDINARY ITEMS	-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	3,128,466	2,543,675	2,371,112	2,655,951	2,554,159
9	LESS DIVIDENDS PREFERRED	1,608	77,110	-	-	-
10	COMMON	380,000	286,000	-	-	-
11	NET FUNDS - INTERNAL SOURCES	2,746,858	2,180,565	2,371,112	2,655,951	2,554,159
	EXTERNAL					
12	LONG TERM DEBT	-	-	-	-	-
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	-	-	-	-	-
16	OTHER (NET)	71,589-	-	173,840	480,944	81,404
17	TOTAL FUNDS - EXTERNAL SOURCES	71,589-	-	173,840	480,944	81,404
	OTHER SOURCES					
18	NET DECREASE IN WORKING CAPITAL	-	-	-	-	-
19	OTHER	266,161	673,533	5,985-	-	-
20	TOTAL FUNDS PROVIDED	$ 2,941,430	$ 2,854,098	$ 2,538,967	$ 3,136,895	$ 2,635,563
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
21	WATER PLANT	$ 1,499,825	$ 1,467,694	$ 1,704,879	$ 1,465,158	$ 1,202,509
22	NON-UTILITY PLANT	-	-	-	-	-
23	OTHER	-	-	-	-	-
24	TOTAL CONSTRUCTION	1,499,825	1,467,694	1,704,879	1,465,158	1,202,509
25	LESS INTEREST CAPITALIZED	-	-	-	-	51
26	TOTAL EXCLUDING INTEREST CAPITALIZED	1,499,825	1,467,694	1,704,879	1,465,158	1,202,458
	RETIREMENT OF SECURITIES					
27	LONG TERM DEBT	-	-	-	-	-
28	PREFERRED STOCK	30,600	-	-	-	-
29	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
30	NET DECREASE IN SHORT TERM DEBT	-	-	-	-	-
31	OTHER (NET)	-	-	-	-	375
32	TOTAL RETIREMENT OF SECURITIES	30,600	-	-	-	375
	OTHER USES					
33	NET INCREASE IN WORKING CAPITAL	999,063	1,386,404	678,879	1,322,488	1,167,038
34	OTHER	411,942	-	155,209	349,249	265,692
35	TOTAL FUNDS APPLIED	$ 2,941,430	$ 2,854,098	$ 2,538,967	$ 3,136,895	$ 2,635,563

NEW ROCHELLE WATER COMPANY, THE
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS

ITEM	1987	1986	1985	1984	1983	LINE NO
WATER OPERATING INCOME						
OPERATING REVENUES	$ 12,498,625 $	12,069,653 $	11,267,561 $	11,667,066 $	11,416,082	1
OPERATION AND MAINTENANCE EXPENSE	5,055,384	4,678,276	4,385,033	4,393,564	4,207,870	2
DEPRECIATION	511,817	502,133	477,101	448,253	428,677	3
AMORTIZATION	-	-	-	-	-	4
TAXES OTHER THAN INCOME TAXES	3,395,609	3,085,961	3,018,001	2,855,266	2,762,862	5
INCOME TAXES	815,500	1,310,064	1,026,427	1,217,022	1,233,672	6
TOTAL OPERATING EXPENSES	9,778,310	9,576,434	8,906,562	8,914,105	8,633,081	7
NET OPERATING REVENUES	2,720,315	2,493,219	2,360,999	2,752,961	2,783,001	8
INC - LEASED PLANT	-	-	-	-	-	9
TOTAL WATER OPERATING INCOME	2,720,315	2,493,219	2,360,999	2,752,961	2,783,001	10
OTHER INCOME						
MERCH., JOBBING, & CONTRACT WORK	2,615	15,062	1,063	1,577-	2,683-	11
INCOME FROM NONUTILITY OPERATIONS	-	-	-	-	-	12
NONOPERATING RENTAL INCOME	-	-	-	-	-	13
INTEREST AND DIVIDEND INCOME	-	-	-	-	-	14
ALLOWANCE FOR CONSTRUCTION FUNDS	-	-	2,473	-	51	15
MISCELLANEOUS NONOPERATING INCOME	258,245-	264,579	4,440	22,220	2,612	16
GAIN ON DISPOSITION OF PROPERTY	-	-	-	-	-	17
TOTAL OTHER INCOME	255,630-	279,641	7,976	20,643	20-	18
TOTAL INCOME	2,464,685	2,772,860	2,368,975	2,773,604	2,782,981	19
OTHER INCOME DEDUCTIONS						
LOSS ON DISPOSITION OF PROPERTY	-	-	-	-	-	20
MISCELLANEOUS AMORTIZATION	-	-	-	-	-	21
MISCELLANEOUS DEDUCTIONS	1,639	-	-	3,269	1,003	22
TAXES OTHER THAN INC. TAXES-NONOPERATING	-	-	-	-	-	23
INCOME TAXES-NONOPERATING	15,332-	15,784-	18,850-	16,510-	16,584-	24
TOTAL INCOME DEDUCTIONS	13,693-	15,784-	18,850-	13,241-	15,581-	25
INCOME BEFORE INTEREST CHARGES	2,478,378	2,788,644	2,387,825	2,786,845	2,798,562	26
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	-	-	-	-	-	27
AMORT. OF DEBT DISCOUNT EXPENSE	-	-	-	-	-	28
AMORT. OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	29
INTEREST ON DEBT TO ASSOCIATED COMPANIES	1,114,952	1,070,872	990,828	1,039,231	1,063,684	30
OTHER INTEREST CHARGES	559-	3,518	6,312-	1,071	245	31
TOTAL INTEREST CHARGES	1,114,393	1,074,390	984,516	1,040,302	1,063,929	33
EXTRAORDINARY ITEMS - NET	-	-	-	-	-	33
NET INCOME	$ 1,363,985 $	1,714,254 $	1,403,309 $	1,746,543 $	1,734,633	34
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 15,829,001 $	14,477,857 $	13,074,548 $	11,328,005 $	9,593,372	35
TRANSFERRED FROM INCOME	1,363,985	1,714,254	1,403,309	1,746,543	1,734,633	36
APPROPRIATIONS	-	-	-	-	-	37
DIVIDENDS DECLARED-PREFERRED STOCK	1,608	77,110	-	-	-	38
-COMMON STOCK	380,000	286,000	-	-	-	39
ADJUSTMENTS	-	-	-	-	-	40
BALANCE END OF YEAR	16,811,378	15,829,001	14,477,857	13,074,548	11,328,005	41
APPROPRIATED RETAINED EARNINGS	1,283,356	-	-	-	-	42
TOTAL END OF YEAR	$ 18,094,734 $	15,829,001 $	14,477,857 $	13,074,548 $	11,328,005	43

SELECTED INCOME ACCOUNT RELATIONSHIPS

ITEM	1987	1986	1985	1984	1983	LINE NO
NET INCOME - % OF OPERATING REVENUES	10.9	14.2	12.4	14.9	15.1	45
PRETAX COVERAGE OF INTEREST EXPENSE	2.9	3.8	3.4	3.8	3.8	44
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	27.8	17.4	-	-	-	46
RETURN ON COMMON EQUITY	5.1	6.7	6.1	8.2	9.1	47

NEW ROCHELLE WATER COMPANY, THE
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	WATER OPERATING REVENUES					
	REVENUES					
1	METERED SALES TO GENERAL CUSTOMERS	$ 11,141,582	$ 10,741,169	$ 10,037,983	$ 10,509,491	$ 10,387,393
2	UNMETERED SALES TO GENERAL CUSTOMERS	-	-	-	-	-
3	SALES TO OTHER WATER COMPANIES	180,644	163,799	116,094	106,932	81,993
4	OTHER SALES OF WATER	1,164,298	1,157,245	1,102,047	1,041,078	938,759
5	TOTAL REVENUES FROM SALES OF WATER	12,486,524	12,062,213	11,256,124	11,657,501	11,408,145
6	OTHER WATER OPERATING REVENUES	12,101	7,440	11,437	9,565	7,937
7	TOTAL WATER OPERATING REVENUES	$ 12,498,625	$ 12,069,653	$ 11,267,561	$ 11,667,066	$ 11,416,082
	WATER SALES (T GALLONS)					
8	METERED SALES TO GENERAL CUSTOMERS	5,760,450	5,425,505	5,267,319	5,923,095	5,994,587
9	UNMETERED SALES TO GENERAL CUSTOMERS	-	-	-	-	-
10	SALES TO OTHER WATER COMPANIES	165,200	148,902	106,869	104,490	81,429
11	OTHER SALES OF WATER	-	-	-	-	-
12	TOTAL SALES OF WATER	5,925,650	5,574,407	5,374,188	6,027,585	6,076,016
	AVERAGE CUSTOMERS PER MONTH					
13	METERED SALES TO GENERAL CUSTOMERS	29,211	28,942	28,690	28,422	28,595
14	UNMETERED SALES TO GENERAL CUSTOMERS	-	-	-	-	-
15	SALES TO OTHER WATER COMPANIES	2	2	2	1	1
16	OTHER SALES OF WATER	404	402	391	314	314
17	TOTAL CUSTOMERS	29,617	29,346	29,083	28,737	28,910
	WATER OPERATING REVENUE RELATIONSHIPS					
	METERED GENERAL CUSTOMERS					
18	AVG. ANNUAL BILL PER CUSTOMER	$ 381.41	$ 371.12	$ 349.87	$ 369.76	$ 363.25
19	AVG. CONSUMPTION PER CUSTOMER (T. GAL)	197.20	187.46	183.59	208.39	209.63
20	AVG. REVENUE PER T. GALLONS SOLD (CENTS)	193.42	197.98	190.57	177.43	173.28
	UNMETERED GENERAL CUSTOMERS					
21	AVG. ANNUAL BILL PER CUSTOMER	-	-	-	-	-
22	AVG. CONSUMPTION PER CUSTOMER (T. GAL)	-	-	-	-	-
23	AVG. REVENUE PER T GALLONS SOLD(CENTS)	-	-	-	-	-
	WATER OPERATION AND MAINTENANCE EXPENSES					
24	SOURCE OF SUPPLY	$ 955,279	$ 928,421	$ 779,657	$ 897,564	$ 894,291
25	POWER AND PUMPING	869,074	847,408	860,433	936,932	915,356
26	PURIFICATION	138,124	124,855	122,165	126,192	129,186
27	TRANSMISSION AND DISTRIBUTION	1,045,782	939,188	900,710	832,026	762,716
28	CUSTOMERS ACCT'G & COLLECTING	551,912	504,633	499,078	489,654	476,844
29	ADMINISTRATIVE & GENERAL	1,495,213	1,333,771	1,222,989	1,111,196	1,029,477
30	TOTAL WATER O & M EXPENSES	$ 5,055,384	$ 4,678,276	$ 4,385,032	$ 4,393,564	$ 4,207,870

NEW ROCHELLE WATER COMPANY, THE
DISTRIBUTION OF WATER REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
REVENUES	$ 12,498,625	$ 12,069,653	$ 11,267,561	$ 11,667,066	$ 11,416,082	1
SALES (THOUSAND GALLONS)	5,925,650	5,574,407	5,374,188	6,027,585	6,076,016	2
DOLLAR AMOUNTS						
PURCHASED WATER, FUEL, OR POWER FOR PUMPING & CHEMICALS	$ 1,539,274	$ 1,521,379	$ 1,411,695	$ 1,577,997	$ 1,611,942	3
WAGES AND BENEFITS	2,086,670	1,841,164	1,741,927	1,716,672	1,580,896	4
OTHER OPERATION AND MAINTENANCE EXPENSES	1,429,440	1,315,733	1,231,410	1,098,895	1,015,032	5
DEPRECIATION AND MAINTENANCE EXPENSES	511,817	502,133	477,101	448,253	428,677	6
INCOME TAXES - OPERATING	815,500	1,310,064	1,026,427	1,217,022	1,233,672	7
OTHER TAXES - OPERATING	3,395,609	3,085,961	3,018,001	2,855,266	2,762,862	8
INTEREST CHARGES*	1,114,393	1,074,390	984,516	1,040,302	1,063,929	9
PREFERRED DIVIDENDS*	1,608	77,110	-	-	-	10
EARNINGS AVAILABLE FOR COMMON EQUITY	1,604,314	1,341,719	1,376,483	1,712,659	1,719,072	11
TOTAL	$ 12,498,625	$ 12,069,653	$ 11,267,561	$ 11,667,066	$ 11,416,082	12
PERCENT OF REVENUES						
PURCHASED WATER, FUEL OR POWER FOR PUMPING & CHEMICALS	12.3	12.6	12.5	13.5	14.1	13
WAGES AND BENEFITS	16.7	15.3	15.5	14.7	13.8	14
OTHER OPERATION AND MAINTENANCE EXPENSES	11.4	10.9	10.9	9.4	8.9	15
DEPRECIATION AND AMORTIZATION EXPENSES	4.1	4.2	4.2	3.8	3.8	16
INCOME TAXES - OPERATING	6.5	10.9	9.1	10.4	10.8	17
OTHER TAXES - OPERATING	27.2	25.6	26.8	24.5	24.2	18
INTEREST CHARGES*	8.9	8.9	8.7	8.9	9.3	19
PREFERRED DIVIDENDS*	-	0.6	-	-	-	20
EARNINGS AVAILABLE FOR COMMON EQUITY	12.8	11.1	12.2	14.7	15.1	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
CENTS PER THOUSAND GALLONS SOLD						
PURCHASED WATER, FUEL OR POWER FOR PUMPING & CHEMICALS	25.98	27.29	26.27	26.18	26.53	23
WAGES AND BENEFITS	35.21	33.03	32.41	28.49	26.02	24
OTHER OPERATION AND MAINTENANC EXPENSES	24.12	23.60	22.91	18.23	16.71	25
DEPRECIATION AND AMORTIZATION EXPENSES	8.64	9.01	8.88	7.44	7.06	26
INCOME TAXES - OPERATING	13.76	23.50	19.10	20.19	20.30	27
OTHER TAXES - OPERATING	57.30	55.36	56.16	47.37	45.47	28
INTEREST CHARGES*	18.81	19.27	18.32	17.26	17.51	29
PREFERRED DIVIDENDS*	0.03	1.38	-	-	-	30
EARNINGS AVAILABLE FOR COMMON EQUITY	27.07	24.07	25.61	28.41	28.29	31
TOTAL	210.92	216.52	209.66	193.56	187.89	32

*NET OF AFC

NEW YORK - AMERICAN WATER COMPANY, INC
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF UTILITY PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	WATER PLANT	$ 11,760,676	$ 10,671,687	$ 10,032,169	$ 9,692,156	$ 9,237,469
2	ACCUM. PROV. FOR DEPR. & AMORT	3,239,435	3,076,883	2,936,541	2,812,423	2,707,619
3	NET WATER PLANT	8,521,241	7,594,804	7,095,628	6,879,733	6,529,850
4	OTHER PHYSICAL PROPERTY	239,001	239,001	239,001	239,001	239,001
5	INVESTMENTS IN ASSOCIATED COMPANIES	-	-	-	-	-
6	OTHER INVESTMENTS AND FUNDS	-	-	-	-	-
7	TOTAL INVESTMENT AND FUND ACCOUNTS	239,001	239,001	239,001	239,001	239,001
8	CASH AND WORKING FUNDS	317,223-	58,274	135,591	212,173-	245,841-
9	SPECIAL DEPOSITS	300	300	-	-	-
10	TEMPORARY CASH INVESTMENTS	-	-	-	-	-
11	NOTES & ACCTS. RECEIVABLE LESS ACCUM PROV. FOR UNCOLLECTIBLE ACCOUNTS	479,952	432,738	426,698	383,644	458,910
12	RECEIVABLES - ASSOCIATED COMPANIES	5,947	6,732	6,732	6,411	5,929
13	MATERIALS AND SUPPLIES	67,682	26,772	17,691	12,396	28,496
14	PREPAYMENTS	195,669	189,488	158,218	157,147	129,263
15	OTHER CURRENT AND ACCRUED ASSETS	702,536	686,418	685,775	641,607	586,994
16	TOTAL CURRENT AND ACCRUED ASSETS	1,134,863	1,400,722	1,434,705	989,032	963,751
17	UNAMORTIZED DEBT EXPENSE	44,373	57,696	71,369	22,630	26,116
18	EXTRAORDINARY PROPERTY LOSSES	-	-	-	-	-
19	PREL. SURVEY & INVESTIGATION CHARGES	1,704	1,704	-	-	-
20	CLEARING ACCOUNTS	-	-	-	-	-
21	ACCUM. DEFERRED INCOME TAXES	-	-	-	-	-
22	OTHER DEFERRED DEBITS	95,102	68,306	179,371	370,710	307,882
23	TOTAL DEFERRED DEBITS	141,179	127,706	250,740	393,340	333,998
24	TOTAL ASSETS AND OTHER DEBITS	$ 10,036,284	$ 9,362,233	$ 9,020,074	$ 8,501,106	$ 8,066,600
	WATER UTILITY PLANT					
25	PLANT IN SERVICE	$ 11,425,313	$ 10,541,582	$ 9,919,530	$ 9,560,544	$ 9,110,143
26	PLANT LEASED TO OTHERS	-	-	-	-	-
27	CONSTRUCTION WORK IN PROGRESS	313,904	103,281	80,450	94,060	84,409
28	PLANT HELD FOR FUTURE USE	-	-	-	-	-
29	PLANT ACQUISITION ADJUSTMENTS	21,459	26,824	32,189	37,552	42,918
30	OTHER PLANT ADJUSTMENTS	-	-	-	-	-
31	ACCUM. GAINS & LOSSES FROM DISP OF UTILITY LAND & LAND RIGHTS	-	-	-	-	-
32	TOTAL WATER UTILITY PLANT	11,760,676	10,671,687	10,032,169	9,692,156	9,237,470
33	ACCUM. PROV. FOR DEPR. & AMORT	3,239,435	3,076,883	2,936,541	2,812,423	2,707,619
34	NET WATER UTILITY PLANT	$ 8,521,241	$ 7,594,804	$ 7,095,628	$ 6,879,733	$ 6,529,851
	PLANT IN SERVICE					
35	BEGINNING OF YEAR	$ 10,541,582	$ 9,919,530	$ 9,560,544	$ 9,110,143	$ 8,870,753
36	ADDITIONS	911,642	646,712	386,751	483,526	265,405
37	RETIREMENTS	27,911	24,660	27,765	33,125	26,015
38	TRANSFERS AND ADJUSTMENTS	-	-	-	-	-
39	END OF YEAR	$ 11,425,313	$ 10,541,582	$ 9,919,530	$ 9,560,544	$ 9,110,143

NEW YORK - AMERICAN WATER COMPANY, INC.
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 1,685,000	$ 1,685,000	$ 1,685,000	$ 1,685,000	$ 1,685,000	1
PREFERRED CAPITAL STOCK	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	8,210-	8,992-	9,774-	10,556-	11,141-	8
RETAINED EARNINGS	888,900	704,294	801,230	768,482	820,763	9
REACQUIRED CAPITAL STOCK	-	-	-	-	-	10
TOTAL PROPRIETARY CAPITAL	3,565,690	3,380,302	3,476,456	3,442,926	3,494,622	11
BONDS (LESS BONDS REACQUIRED)	3,580,000	3,634,000	3,772,000	1,335,000	1,398,000	12
ADVANCES FROM ASSOCIATED COMPANIES	-	-	-	-	-	13
OTHER LONG TERM DEBT	-	-	-	-	-	14
NET UNAMORTIZED DEBT PREMIUM - DISCOUNT	-	-	-	-	-	15
TOTAL LONG TERM DEBT	3,580,000	3,634,000	3,772,000	1,335,000	1,398,000	16
NOTES AND ACCOUNTS PAYABLE	675,038	2,506	132,381	2,159,312	1,638,343	17
PAYABLES TO ASSOCIATED COMPANIES	11,770	302,996	123,361	93,519	108,206	18
CUSTOMERS' DEPOSITS	-	-	-	-	-	19
TAXES ACCRUED	321,720	207,589	42,337	114,232	79,615	20
OTHER CURRENT AND ACCRUED LIABILITIES	446,821	299,072	193,476	134,549	120,298	21
TOTAL CURRENT AND ACCRUED LIABILITIES	1,455,349	812,163	491,555	2,501,612	1,946,462	22
CUSTOMER ADVANCES FOR CONSTRUCTION	970,849	1,100,993	861,716	799,779	866,232	23
ACCUM. DEFERRED INVESTMENT TAX CREDITS	124,012	126,057	128,232	99,540	64,255	24
OTHER DEFERRED CREDITS	21,517	7,911	7,361	7,411	24,250	25
ACCUMULATED DEFERRED INCOME TAXES						
ACCELERATED AMORIZATION	-	-	-	-	-	26
LIBERALIZED DEPRECIATION	262,261	251,822	196,633	155,522	-	27
OTHER	56,606	48,985	86,121	159,316	-	28
TOTAL DEFERRED CREDITS	1,435,245	1,535,768	1,280,063	1,221,568	954,737	29
OPERATING RESERVES	-	-	-	-	272,779	30
TOTAL LIABILITIES AND OTHER CREDITS	$ 10,036,284	$ 9,362,233	$ 9,020,074	$ 8,501,106	$ 8,066,600	31
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS / CURRENT LIABILITIES	0.78	1.72	2.92	0.40	0.50	32
PERCENT OF CAPITALIZATION:						
LONG TERM DEBT	50.1	51.8	52.0	27.9	28.5	33
PREFERRED STOCK	13.9	14.2	13.7	20.9	20.4	34
COMMON STOCK & OTHER PAID-IN CAPITAL	23.4	23.8	23.1	35.0	34.2	35
RETAINED EARNINGS	12.4	10.0	11.0	16.0	16.7	36
LONG-TERM DEBT % OF GROSS WATER PLANT	30.4	34.0	37.5	13.7	15.1	37
ACCUM. PROV. FOR DEPR. & AMORT.: % OF WATER PLANT	27.5	28.8	29.2	29.0	29.3	38

NEW YORK - AMERICAN WATER COMPANY, INC.
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	SOURCE OF FUNDS					
	INTERNAL:					
1	NET INCOME	$ 690,247	$ 536,240	$ 482,448	$ 537,442	$ 612,963
2	DEPRECIATION AND AMORTIZATIION	219,528	348,606	398,205	334,980	349,517
3	DEFERRED INCOME TAXES (NET)	16,015	15,878	3,392-	77,344	50,872
4	INTEREST CAPITALIZED	-	-	-	1,416-	-
5	OTHER (NET)	130,180-	-	2	60	7,186
6	SUBTOTAL	795,610	900,724	877,263	948,410	1,020,538
7	EXTRAORDINARY ITEMS	-	217,682-	-	-	169,052-
8	TOTAL FUNDS - INTERNAL SOURCES	795,610	683,042	877,263	948,410	851,486
9	LESS DIVIDENDS: PREFERRED	505,642	125,000	125,000	125,000	42,769
10	COMMON	-	290,494	324,700	464,723	-
11	NET FUNDS - INTERNAL SOURCES	289,968	267,548	427,563	358,687	808,717
	EXTERNAL:					
12	LONG TERM DEBT	-	-	2,500,000	-	-
13	PREFERRED STOCK	-	-	-	-	1,000,000
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	427,000	-	-	-	-
16	OTHER (NET)	-	323,277	60,264	490,000	-
17	TOTAL FUNDS - EXTERNAL SOURCES	427,000	323,277	2,560,264	490,000	1,000,000
	OTHER SOURCES:					
18	NET DECREASE IN WORKING CAPITAL	-	-	-	39,871	-
19	OTHER	487,992	270,592	-	-	4,963
20	TOTAL FUNDS PROVIDED	$ 1,204,960	$ 861,417	$ 2,987,827	$ 888,558	$ 1,813,680
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
21	WATER PLANT	$ 1,122,264	$ 671,248	$ 373,141	$ 493,178	$ 248,142
22	NON-UTILITY PLANT	-	-	-	-	-
23	OTHER	-	-	-	-	-
24	TOTAL CONSTRUCTION	1,122,264	671,248	373,141	493,178	248,142
25	LESS INTEREST CAPITALIZED	-	-	-	1,416	-
26	TOTAL EXCLUDING INTEREST CAPITALIZED	1,122,264	671,248	373,141	491,762	248,142
	RETIREMENT OF SECURITIES					
27	LONG TERM DEBT	54,000	138,000	63,000	63,000	63,000
28	PREFERRED STOCK	-	-	-	-	-
29	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
30	NET DECREASE IN SHORT TERM DEBT	-	-	2,048,000	-	1,077,000
31	OTHER (NET)	-	-	75,000	66,453	79,945
32	TOTAL RETIREMENT OF SECURITIES	54,000	138,000	2,186,000	129,453	1,219,945
	OTHER USES:					
33	NET INCREASE IN WORKING CAPITAL	-	-	332,734	-	332,009
34	OTHER	28,696	52,169	95,952	267,343	13,584
35	TOTAL FUNDS APPLIED	$ 1,204,960	$ 861,417	$ 2,987,827	$ 888,558	$ 1,813,680

NEW YORK - AMERICAN WATER COMPANY, INC.
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
WATER OPERATING INCOME						
OPERATING REVENUES	$ 6,156,589	$ 6,053,100	$ 5,636,139	$ 5,312,464	$ 5,016,094	1
OPERATION AND MAINTENANCE EXPENSE	2,982,126	3,172,930	2,913,225	2,779,519	2,634,506	2
DEPRECIATION	190,168	172,819	153,555	144,627	137,054	3
AMORTIZATION	-	-	-	-	-	4
TAXES OTHER THAN INCOME TAXES	1,477,025	1,358,284	1,363,262	1,250,697	1,201,823	5
INCOME TAXES	353,770	349,368	265,886	268,783	13,121	6
TOTAL OPERATING EXPENSES	5,003,089	5,053,401	4,695,928	4,443,626	3,986,504	7
NET OPERATING REVENUES	1,153,500	999,699	940,211	868,838	1,029,590	8
INC. - LEASED PLANT	-	-	-	-	-	9
TOTAL WATER OPERATING INCOME	1,153,500	999,699	940,211	868,838	1,029,590	10
OTHER INCOME						
MERCH., JOBBING, & CONTRACT WORK	3,981-	411-	322	488	1,628	11
INCOME FROM NONUTILITY OPERATIONS	-	-	-	-	-	12
NONOPERATING RENTAL INCOME	51,937	55,823	54,544	51,887	49,834	13
INTEREST AND DIVIDEND INCOME	5,441	15,986	19,231	-	500	14
ALLOWANCE FOR CONSTRUCTION FUNDS	606	-	-	1,416	-	15
MISCELLANEOUS NONOPERATING INCOME	-	-	747	37-	108	16
GAIN ON DISPOSITION OF PROPERTY	-	20	-	-	-	17
TOTAL OTHER INCOME	54,003	71,418	74,844	53,754	52,070	18
TOTAL INCOME	1,207,503	1,071,117	1,015,055	922,592	1,081,660	19
OTHER INCOME DEDUCTIONS						
LOSS ON DISPOSITION OF PROPERTY	-	-	-	-	-	20
MISCELLANEOUS AMORTIZATION	6,147	6,147	6,147	6,153	5,749	21
MISCELLANEOUS DEDUCTIONS	2,441	200	575	500	300	22
TAXES OTHER THAN INC. TAXES-NONOPERATING	-	-	-	-	19,192	23
INCOME TAXES-NONOPERATING	17,960	32,769	33,994	24,252	4,425	24
TOTAL INCOME DEDUCTIONS	26,548	39,116	40,716	30,905	29,666	25
INCOME BEFORE INTEREST CHARGES	1,180,955	1,032,001	974,339	891,687	1,051,994	26
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	472,145	482,015	463,256	124,208	129,765	27
AMORT. OF DEBT DISCOUNT EXPENSE	13,324	13,672	13,993	3,486	3,810	28
AMORT. OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	29
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	30
OTHER INTEREST CHARGES	5,239	74	14,642	226,552	305,456	31
TOTAL INTEREST CHARGES	490,708	495,761	491,891	354,246	439,031	33
EXTRAORDINARY ITEMS - NET	-	217,682-	-	-	-	33
NET INCOME	$ 690,247	$ 318,558	$ 482,448	$ 537,441	$ 612,963	34
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 704,294	$ 801,230	$ 768,482	$ 820,763	$ 419,621	35
TRANSFERRED FROM INCOME	690,247	318,558	482,448	537,442	612,963	36
APPROPRIATIONS	-	-	-	-	-	37
DIVIDENDS DECLARED-PREFERRED STOCK	125,000	125,000	125,000	125,000	21,875	38
-COMMON STOCK	380,641	290,494	324,700	464,723	20,894	39
ADJUSTMENTS	-	-	-	-	169,052-	40
BALANCE END OF YEAR	888,900	704,294	801,230	768,482	820,763	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 888,900	$ 704,294	$ 801,230	$ 768,482	$ 820,763	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME - % OF OPERATING REVENUES	11.2	5.2	8.5	10.1	12.2	45
PRETAX COVERAGE OF INTEREST EXPENSE	3.2	2.9	2.6	3.3	2.4	44
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	67.3	150.0	90.8	112.6	3.5	46
RETURN ON COMMON EQUITY	22.8	7.9	14.5	16.7	25.7	47

NEW YORK - AMERICAN WATER COMPANY, INC
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	WATER OPERATING REVENUES					
	REVENUES					
1	METERED SALES TO GENERAL CUSTOMERS	$ 5,416,478	$ 5,287,801	$ 4,880,699	$ 4,666,142	$ 4,383,129
2	UNMETERED SALES TO GENERAL CUSTOMERS	-	-	-	-	-
3	SALES TO OTHER WATER COMPANIES	-	-	-	-	-
4	OTHER SALES OF WATER	737,920	763,866	753,012	641,949	625,980
5	TOTAL REVENUES FROM SALES OF WATER	6,154,398	6,051,667	5,633,711	5,308,091	5,009,109
6	OTHER WATER OPERATING REVENUES	2,191	1,433	2,428	4,373	6,985
7	TOTAL WATER OPERATING REVENUES	$ 6,156,589	$ 6,053,100	$ 5,636,139	$ 5,312,464	$ 5,016,094
	WATER SALES (T GALLONS)					
8	METERED SALES TO GENERAL CUSTOMERS	1,636,081	1,654,576	1,504,829	1,542,077	1,551,771
9	UNMETERED SALES TO GENERAL CUSTOMERS	-	-	-	-	-
10	SALES TO OTHER WATER COMPANIES	-	-	-	-	-
11	OTHER SALES OF WATER	85,539	103,475	104,604	91,753	101,202
12	TOTAL SALES OF WATER	1,721,620	1,758,051	1,609,433	1,633,830	1,652,973
	AVERAGE CUSTOMERS PER MONTH					
13	METERED SALES TO GENERAL CUSTOMERS	10,858	10,597	10,567	10,444	10,274
14	UNMETERED SALES TO GENERAL CUSTOMERS	-	-	-	-	-
15	SALES TO OTHER WATER COMPANIES	-	-	-	-	-
16	OTHER SALES OF WATER	297	275	274	275	245
17	TOTAL CUSTOMERS	11,155	10,872	10,841	10,719	10,519
	WATER OPERATING REVENUE RELATIONSHIPS					
	METERED GENERAL CUSTOMERS					
18	AVG. ANNUAL BILL PER CUSTOMER	$ 498.84	$ 498.99	$ 461.88	$ 446.77	$ 426.62
19	AVG. CONSUMPTION PER CUSTOMER (T. GAL)	150.67	156.13	142.40	147.65	151.03
20	AVG. REVENUE PER T. GALLONS SOLD (CENTS)	331.06	319.59	324.34	302.59	282.46
	UNMETERED GENERAL CUSTOMERS					
21	AVG. ANNUAL BILL PER CUSTOMER	-	-	-	-	-
22	AVG. CONSUMPTION PER CUSTOMER (T. GAL)	-	-	-	-	-
23	AVG. REVENUE PER T GALLONS SOLD(CENTS)	-	-	-	-	-
	WATER OPERATION AND MAINTENANCE EXPENSES					
24	SOURCE OF SUPPLY	$ 1,554,622	$ 1,524,883	$ 1,357,428	$ 1,283,804	$ 1,228,348
25	POWER AND PUMPING	28,468	36,113	18,909	13,111	22,281
26	PURIFICATION	9,144	7,100	11,751	4,005	2,602
27	TRANSMISSION AND DISTRIBUTION	492,261	578,320	527,777	537,798	509,977
28	CUSTOMERS ACCT'G & COLLECTING	276,484	235,241	219,046	204,491	223,747
29	ADMINISTRATIVE & GENERAL	621,147	791,273	778,314	736,310	647,551
30	TOTAL WATER O & M EXPENSES	$ 2,982,126	$ 3,172,930	$ 2,913,225	$ 2,779,519	$ 2,634,506

NEW YORK - AMERICAN WATER COMPANY, INC.
DISTRIBUTION OF WATER REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
REVENUES	$ 6,156,589	$ 6,053,100	$ 5,636,139	$ 5,312,464	$ 5,016,094	1
SALES (THOUSAND GALLONS)	1,721,620	1,758,051	1,609,433	1,633,830	1,652,973	2
			DOLLAR AMOUNTS			
PURCHASED WATER, FUEL, OR POWER FOR PUMPING & CHEMICALS	$ 1,576,522	$ 1,547,952	$ 1,373,880	$ 1,295,329	$ 1,248,453	3
WAGES AND BENEFITS	788,649	824,230	850,412	767,907	754,507	4
OTHER OPERATION AND MAINTENANCE EXPENSES	616,955	800,748	688,933	716,283	631,546	5
DEPRECIATION AND MAINTENANCE EXPENSES	190,168	172,819	153,555	144,627	137,054	6
INCOME TAXES - OPERATING	353,770	349,368	265,886	268,783	13,121	7
OTHER TAXES - OPERATING	1,477,025	1,358,284	1,363,262	1,250,697	1,201,823	8
INTEREST CHARGES*	490,708	495,761	491,891	354,044	439,031	9
PREFERRED DIVIDENDS*	125,000	125,000	125,000	124,796	21,875	10
EARNINGS AVAILABLE FOR COMMON EQUITY	537,792	378,938	323,320	389,998	568,684	11
TOTAL	$ 6,156,589	$ 6,053,100	$ 5,636,139	$ 5,312,464	$ 5,016,094	12
			PERCENT OF REVENUES			
PURCHASED WATER, FUEL OR POWER FOR PUMPING & CHEMICALS	25.6	25.6	24.4	24.4	24.9	13
WAGES AND BENEFITS	12.8	13.6	15.1	14.5	15.0	14
OTHER OPERATION AND MAINTENANCE EXPENSES	10.0	13.2	12.2	13.5	12.6	15
DEPRECIATION AND AMORTIZATION EXPENSES	3.1	2.9	2.7	2.7	2.7	16
INCOME TAXES - OPERATING	5.7	5.8	4.7	5.1	0.3	17
OTHER TAXES - OPERATING	24.0	22.4	24.2	23.5	24.0	18
INTEREST CHARGES*	8.0	8.2	8.7	6.7	8.8	19
PREFERRED DIVIDENDS*	2.0	2.1	2.2	2.3	0.4	20
EARNINGS AVAILABLE FOR COMMON EQUITY	8.7	6.3	5.7	7.3	11.3	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
			CENTS PER THOUSAND GALLONS SOLD			
PURCHASED WATER, FUEL OR POWER FOR PUMPING & CHEMICALS	91.57	88.05	85.36	79.28	75.53	23
WAGES AND BENEFITS	45.81	46.88	52.84	47.00	45.65	24
OTHER OPERATION AND MAINTENANC EXPENSES	35.84	45.55	42.81	43.84	38.21	25
DEPRECIATION AND AMORTIZATION EXPENSES	11.05	9.83	9.54	8.85	8.29	26
INCOME TAXES - OPERATING	20.55	19.87	16.52	16.45	0.79	27
OTHER TAXES - OPERATING	85.79	77.26	84.70	76.55	72.71	28
INTEREST CHARGES*	28.50	28.20	30.56	21.67	26.56	29
PREFERRED DIVIDENDS*	7.26	7.11	7.77	7.64	1.32	30
EARNINGS AVAILABLE FOR COMMON EQUITY	31.24	21.55	20.09	23.87	34.40	31
TOTAL	357.60	344.31	350.19	325.15	303.46	32

*NET OF AFC

NEW YORK WATER SERVICE CORP.
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF UTILITY PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO.	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	WATER PLANT	$ 32,075,543	$ 28,635,592	$ 25,774,484	$ 24,817,632	$ 22,673,448
2	ACCUM. PROV. FOR DEPR. & AMORT.	7,579,208	6,987,405	6,608,207	6,319,968	6,047,524
3	NET WATER PLANT	24,496,335	21,648,187	19,166,277	18,497,664	16,625,924
4	OTHER PHYSICAL PROPERTY	2,958	2,998	3,035	3,075	3,115
5	INVESTMENTS IN ASSOCIATED COMPANIES	21,315,735	20,586,565	21,003,597	19,753,202	18,728,237
6	OTHER INVESTMENTS AND FUNDS	-	-	-	-	-
7	TOTAL INVESTMENT AND FUND ACCOUNTS	21,318,693	20,589,563	21,006,632	19,756,277	18,731,352
8	CASH AND WORKING FUNDS	244,025	304,513	207,168	433,800	329,775
9	SPECIAL DEPOSITS	16,340	16,340	250	250	47,179
10	TEMPORARY CASH INVESTMENTS	9,700,000	3,475,000	-	-	-
11	NOTES & ACCTS. RECEIVABLE LESS ACCUM. PROV. FOR UNCOLLECTIBLE ACCOUNTS	1,292,991	1,152,005	1,322,773	1,263,846	1,352,265
12	RECEIVABLES - ASSOCIATED COMPANIES	2,666,615	3,254,764	2,569,425	2,504,040	1,502,340
13	MATERIALS AND SUPPLIES	300,688	275,662	228,270	211,499	209,887
14	PREPAYMENTS	429,423	415,251	208,531	64,397	20,886
15	OTHER CURRENT AND ACCRUED ASSETS	593,344	523,742	177,435	33,260	1,867
16	TOTAL CURRENT AND ACCRUED ASSETS	15,243,426	9,417,277	4,713,852	4,511,092	3,464,199
17	UNAMORTIZED DEBT EXPENSE	169,868	— 29,889	-	-	49,290
18	EXTRAORDINARY PROPERTY LOSSES	-	-	-	-	-
19	PREL. SURVEY & INVESTIGATION CHARGES	-	-	-	-	-
20	CLEARING ACCOUNTS	-	-	-	-	182-
21	ACCUM. DEFERRED INCOME TAXES	-	-	-	-	-
22	OTHER DEFERRED DEBITS	15,008	113,241	197,789	80,406	225,625
23	TOTAL DEFERRED DEBITS	184,876	143,130	197,789	80,406	274,733
24	TOTAL ASSETS AND OTHER DEBITS	$ 61,243,330	$ 51,798,157	$ 45,084,550	$ 42,845,439	$ 39,096,208
	WATER UTILITY PLANT					
25	PLANT IN SERVICE	$ 30,025,064	$ 27,146,188	$ 25,061,911	$ 23,514,245	$ 21,682,452
26	PLANT LEASED TO OTHERS	-	-	-	-	-
27	CONSTRUCTION WORK IN PROGRESS	1,988,982	1,423,515	642,291	1,228,714	911,930
28	PLANT HELD FOR FUTURE USE	-	-	-	-	-
29	PLANT ACQUISITION ADJUSTMENTS	61,497	65,889	70,282	74,673	79,066
30	OTHER PLANT ADJUSTMENTS	-	-	-	-	-
31	ACCUM. GAINS & LOSSES FROM DISP. OF UTILITY LAND & LAND RIGHTS	-	-	-	-	-
32	TOTAL WATER UTILITY PLANT	32,075,543	28,635,592	25,774,484	24,817,632	22,673,448
33	ACCUM. PROV. FOR DEPR. & AMORT.	7,579,208	6,987,405	6,608,207	6,319,968	6,047,524
34	NET WATER UTILITY PLANT	$ 24,496,335	$ 21,648,187	$ 19,166,277	$ 18,497,664	$ 16,625,924
	PLANT IN SERVICE:					
35	BEGINNING OF YEAR	$ 27,146,188	$ 25,061,911	$ 23,514,245	$ 21,682,452	$ 20,381,117
36	ADDITIONS	2,926,247	2,314,430	1,985,673	2,014,688	1,563,502
37	RETIREMENTS	11,511	174,759	225,470	173,958	119,988
38	TRANSFERS AND ADJUSTMENTS	35,860-	55,394-	212,537-	8,937-	142,179-
39	END OF YEAR	$ 30,025,064	$ 27,146,188	$ 25,061,911	$ 23,514,245	$ 21,682,452

NEW YORK WATER SERVICE CORP.
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 3,674,470	$ 3,674,470	$ 3,674,470	$ 3,674,470	$ 3,674,470	1
PREFERRED CAPITAL STOCK	-	-	-	-	-	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	2,012,224	2,012,224	2,012,224	2,012,224	2,012,224	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	27,367-	27,367-	27,367-	27,367-	27,367-	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	30,145,923	28,938,732	26,549,543	24,697,663	21,857,124	9
REACQUIRED CAPITAL STOCK	-	-	-	-	-	10
TOTAL PROPRIETARY CAPITAL	35,805,250	34,598,059	32,208,870	30,356,990	27,516,451	11
BONDS (LESS BONDS REACQUIRED)	-	-	-	5,050,000	5,100,000	12
ADVANCES FROM ASSOCIATED COMPANIES	-	5,050,000	5,050,000	-	-	13
OTHER LONG TERM DEBT	8,000,000	-	-	-	-	14
NET UNAMORTIZED DEBT PREMIUM + DISCOUNT	-	-	-	-	-	15
TOTAL LONG TERM DEBT	8,000,000	5,050,000	5,050,000	5,050,000	5,100,000	16
NOTES AND ACCOUNTS PAYABLE	326,217	645,880	170,099	100,331	184,186	17
PAYABLES TO ASSOCIATED COMPANIES	13,114,125	7,665,781	4,059,199	4,009,199	2,959,199	18
CUSTOMERS' DEPOSITS	252,214	333,078	346,748	347,768	338,919	19
TAXES ACCRUED	2,188,876	2,083,102	1,685,826	1,117,174	1,117,681	20
OTHER CURRENT AND ACCRUED LIABILITIES	496,191	500,997	650,751	1,288,258	1,268,713	21
TOTAL CURRENT AND ACCRUED LIABILITIES	16,377,623	11,228,838	6,912,623	6,862,730	5,868,698	22
CUSTOMER ADVANCES FOR CONSTRUCTION	462,344	399,653	368,961	274,803	249,644	23
ACCUM. DEFERRED INVESTMENT TAX CREDITS	-	-	-	-	-	24
OTHER DEFERRED CREDITS	389,963	311,779	381,159	175,394	166,575	25
ACCUMULATED DEFERRED INCOME TAXES:						
ACCELERATED AMORIZATION	-	-	-	-	-	26
LIBERALIZED DEPRECIATION	-	-	-	-	-	27
OTHER	83,283	85,495	30,215	-	97,416	28
TOTAL DEFERRED CREDITS	935,590	796,927	780,335	450,197	513,635	29
OPERATING RESERVES	124,867	124,333	132,722	125,522	97,424	30
TOTAL LIABILITIES AND OTHER CREDITS	$ 51,243,330	$ 51,798,157	$ 45,084,550	$ 42,845,439	$ 39,096,208	31
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS / CURRENT LIABILITIES	0.93	0.84	0.68	0.66	0.59	32
PERCENT OF CAPITALIZATION:						
LONG TERM DEBT	18.2	12.7	13.5	14.2	15.6	33
PREFERRED STOCK	-	-	-	-	-	34
COMMON STOCK & OTHER PAID-IN CAPITAL	12.9	14.2	15.1	15.9	17.3	35
RETAINED EARNINGS	68.8	72.9	71.2	69.7	67.0	36
LONG-TERM DEBT:% OF GROSS WATER PLANT	24.9	17.6	19.5	20.3	22.4	37
ACCUM. PROV. FOR DEPR. & AMORT.: -% OF WATER PLANT	23.6	24.4	25.6	25.4	26.6	38

NEW YORK WATER SERVICE CORP
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO.	ITEM	1987	1986	1985	1984	1983
	SOURCE OF FUNDS					
	INTERNAL:					
1	NET INCOME	$ 1,207,191	$ 2,381,689	$ 1,851,880	$ 2,840,539	$ 2,282,922
2	DEPRECIATION AND AMORTIZATIION	616,244	557,941	505,207	450,814	401,048
3	DEFERRED INCOME TAXES (NET)	-	-	-	-	-
4	INTEREST CAPITALIZED	192,150-	-	84,458-	-	-
5	OTHER (NET)	44,932	46,695	232,710	37,014	157,721
6	SUBTOTAL	1,676,217	2,986,325	2,505,339	3,328,367	2,841,691
7	EXTRAORDINARY ITEMS	-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	1,676,217	2,986,325	2,505,339	3,328,367	2,841,691
9	LESS DIVIDENDS: PREFERRED	-	-	-	-	-
10	COMMON	-	-	-	-	-
11	NET FUNDS - INTERNAL SOURCES	1,676,217	2,986,325	2,505,339	3,328,367	2,841,691
	EXTERNAL:					
12	LONG TERM DEBT	2,950,000	-	-	-	-
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	-	-	-	-	-
16	OTHER (NET)	-	-	-	-	-
17	TOTAL FUNDS - EXTERNAL SOURCES	2,950,000	-	-	-	-
	OTHER SOURCES:					
18	NET DECREASE IN WORKING CAPITAL	-	-	-	-	-
19	OTHER	239,108	673,803	330,138	228,487	457,861
20	TOTAL FUNDS PROVIDED	$ 4,865,325	$ 3,660,128	$ 2,835,477	$ 3,556,854	$ 3,299,552
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
21	WATER PLANT	$ 3,491,714	$ 3,095,654	$ 1,399,290	$ 2,331,430	$ 1,094,695
22	NON-UTILITY PLANT	-	-	-	-	-
23	OTHER	-	-	-	-	-
24	TOTAL CONSTRUCTION	3,491,714	3,095,654	1,399,290	2,331,430	1,094,695
25	LESS INTEREST CAPITALIZED	192,150	-	84,458	-	-
26	TOTAL EXCLUDING INTEREST CAPITALIZED	3,299,564	3,095,654	1,314,832	2,331,430	1,094,695
	RETIREMENT OF SECURITIES:					
27	LONG TERM DEBT	-	-	-	50,000	200,000
28	PREFERRED STOCK	-	-	-	-	-
29	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
30	NET DECREASE IN SHORT TERM DEBT	-	-	-	-	-
31	OTHER (NET)	-	-	-	-	-
32	TOTAL RETIREMENT OF SECURITIES	-	-	-	50,000	200,000
	OTHER USES:					
33	NET INCREASE IN WORKING CAPITAL	677,364	387,210	152,867	52,861	225,345
34	OTHER	888,397	177,264	1,367,778	1,122,563	1,779,512
35	TOTAL FUNDS APPLIED	$ 4,865,325	$ 3,660,126	$ 2,835,477	$ 3,556,854	$ 3,299,552

NEW YORK WATER SERVICE CORP.
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
WATER OPERATING INCOME:						
OPERATING REVENUES	$ 13,070,616	$ 13,410,922	$ 11,036,203	$ 10,655,989	$ 10,114,104	1
OPERATION AND MAINTENANCE EXPENSE	6,514,491	5,861,782	5,119,747	4,651,193	4,596,168	2
DEPRECIATION	603,531	545,794	496,907	441,455	391,353	3
AMORTIZATION	-	-	-	-	-	4
TAXES OTHER THAN INCOME TAXES	4,025,610	3,764,761	3,119,985	3,152,149	2,858,303	5
INCOME TAXES	-	-	-	-	-	6
TOTAL OPERATING EXPENSES	11,143,632	10,172,337	8,736,639	8,244,797	7,845,824	7
NET OPERATING REVENUES	1,926,984	3,238,585	2,299,564	2,411,192	2,268,280	8
INC. - LEASED PLANT	-	-	-	-	-	9
TOTAL WATER OPERATING INCOME	1,926,984	3,238,585	2,299,564	2,411,192	2,268,280	10
OTHER INCOME:						
MERCH., JOBBING, & CONTRACT WORK	13,087-	38,113	18,780-	30,064-	15,720-	11
INCOME FROM NONUTILITY OPERATIONS	-	484,223-	810,804-	678,783-	670,853-	12
NONOPERATING RENTAL INCOME	-	-	-	-	-	13
INTEREST AND DIVIDEND INCOME	37,765	45,736	211,506-	431,987	-	14
ALLOWANCE FOR CONSTRUCTION FUNDS	192,150	81,861	84,458	-	-	15
MISCELLANEOUS NONOPERATING INCOME	324	362,434	1,459,109	1,449,964	1,458,807	16
GAIN ON DISPOSITION OF PROPERTY	27	2,835	190	253	1,616	17
TOTAL OTHER INCOME	217,179	46,756	502,667	1,173,357	773,850	18
TOTAL INCOME	2,144,163	3,285,341	2,802,231	3,584,549	3,042,130	19
OTHER INCOME DEDUCTIONS						
LOSS ON DISPOSITION OF PROPERTY	-	-	-	-	-	20
MISCELLANEOUS AMORTIZATION	4,392	4,392	4,392	4,392	4,392	21
MISCELLANEOUS DEDUCTIONS	-	-	-	-	-	22
TAXES OTHER THAN INC. TAXES-NONOPERATING	-	-	-	-	-	23
INCOME TAXES-NONOPERATING	420,392	321,288	160,644	-	-	24
TOTAL INCOME DEDUCTIONS	424,784	325,680	165,036	4,392	4,392	25
INCOME BEFORE INTEREST CHARGES	1,719,379	2,959,661	2,637,195	3,580,157	3,037,738	26
INTEREST CHARGES:						
INTEREST ON LONG-TERM DEBT	28,778	-	-	226,880	640,981	27
AMORT. OF DEBT DISCOUNT EXPENSE	-	-	21,557	49,290	68,942	28
AMORT. OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	29
INTEREST ON DEBT TO ASSOCIATED COMPANIES	480,199	547,244	727,512	420,561	-	30
OTHER INTEREST CHARGES	3,211	30,728	36,246	42,887	44,893	31
TOTAL INTEREST CHARGES	512,188	577,972	785,315	739,618	754,816	33
EXTRAORDINARY ITEMS - NET	-	-	-	-	-	33
NET INCOME	$ 1,207,191	$ 2,381,689	$ 1,851,880	$ 2,840,539	$ 2,282,922	34
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 28,938,732	$ 26,549,543	$ 24,697,663	$ 21,857,124	$ 19,574,202	35
TRANSFERRED FROM INCOME	1,207,191	2,381,689	1,851,880	2,840,539	2,282,922	36
APPROPRIATIONS	-	-	-	-	-	37
DIVIDENDS DECLARED-PREFERRED STOCK	-	-	-	-	-	38
-COMMON STOCK	-	-	-	-	-	39
ADJUSTMENTS	-	7,500	-	-	-	40
BALANCE END OF YEAR	30,145,923	28,938,732	26,549,543	24,697,663	21,857,124	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 30,145,923	$ 28,938,732	$ 26,549,543	$ 24,697,663	$ 21,857,124	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME - % OF OPERATING REVENUES	9.2	17.7	16.7	26.6	22.5	45
PRETAX COVERAGE OF INTEREST EXPENSE	4.2	5.7	3.6	4.8	4.0	44
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	-	-	-	-	-	46
RETURN ON COMMON EQUITY	3.4	7.1	5.9	9.8	8.6	47

NEW YORK WATER SERVICE CORP.
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	WATER OPERATING REVENUES					
	REVENUES					
1	METERED SALES TO GENERAL CUSTOMERS	$ 12,050,989	$ 12,216,593	$ 10,131,010	$ 9,827,736	$ 9,277,983
2	UNMETERED SALES TO GENERAL CUSTOMERS	-	-	-	-	-
3	SALES TO OTHER WATER COMPANIES	-	-	-	-	-
4	OTHER SALES OF WATER	1,012,777	1,192,259	901,698	822,439	832,670
5	TOTAL REVENUES FROM SALES OF WATER	13,063,766	13,408,852	11,032,708	10,650,175	10,110,653
6	OTHER WATER OPERATING REVENUES	6,850	2,070	3,495	5,814	3,451
7	TOTAL WATER OPERATING REVENUES	$ 13,070,616	$ 13,410,922	$ 11,036,203	$ 10,655,989	$ 10,114,104
	WATER SALES (T.GALLONS)					
8	METERED SALES TO GENERAL CUSTOMERS	5,022,882	5,157,617	4,680,877	4,615,972	4,798,698
9	UNMETERED SALES TO GENERAL CUSTOMERS	-	-	-	-	-
10	SALES TO OTHER WATER COMPANIES	-	-	-	-	-
11	OTHER SALES OF WATER	-	-	-	-	-
12	TOTAL SALES OF WATER	5,022,882	5,157,617	4,680,877	4,615,972	4,798,698
	AVERAGE CUSTOMERS PER MONTH					
13	METERED SALES TO GENERAL CUSTOMERS	43,551	43,466	43,432	43,225	43,063
14	UNMETERED SALES TO GENERAL CUSTOMERS	-	-	-	-	-
15	SALES TO OTHER WATER COMPANIES	-	-	-	-	-
16	OTHER SALES OF WATER	135	135	136	8	135
17	TOTAL CUSTOMERS	43,686	43,601	43,568	43,233	43,198
	WATER OPERATING REVENUE RELATIONSHIPS					
	METERED GENERAL CUSTOMERS					
18	AVG. ANNUAL BILL PER CUSTOMER	$ 276.70	$ 281.06	$ 233.26	$ 227.36	$ 215.45
19	AVG. CONSUMPTION PER CUSTOMER (T. GAL)	115.33	118.65	107.77	106.78	111.43
20	AVG. REVENUE PER T. GALLONS SOLD (CENTS)	239.92	236.87	216.43	212.91	193.34
	UNMETERED GENERAL CUSTOMERS					
21	AVG. ANNUAL BILL PER CUSTOMER	-	-	-	-	-
22	AVG. CONSUMPTION PER CUSTOMER (T. GAL)	-	-	-	-	-
23	AVG. REVENUE PER T.GALLONS SOLD(CENTS)	-	-	-	-	-
	WATER OPERATION AND MAINTENANCE EXPENSES					
24	SOURCE OF SUPPLY	$ 31,529	$ 19,552	$ 30,974	$ 25,826	$ 17,258
25	POWER AND PUMPING	1,566,551	1,426,128	1,346,131	1,266,600	1,146,972
26	PURIFICATION	524,101	393,888	369,063	297,509	342,970
27	TRANSMISSION AND DISTRIBUTION	1,104,757	1,047,536	808,373	607,019	593,414
28	CUSTOMERS ACCT'G & COLLECTING	927,310	895,507	726,344	740,989	636,970
29	ADMINISTRATIVE & GENERAL	2,360,243	2,079,171	1,838,862	1,713,250	1,858,584
30	TOTAL WATER O & M EXPENSES	$ 6,514,491	$ 5,851,782	$ 5,119,747	$ 4,651,193	$ 4,596,168

NEW YORK WATER SERVICE CORP
DISTRIBUTION OF WATER REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE
REVENUES	$ 13,070,616	$ 13,410,922	$ 11,036,203	$ 10,855,989	$ 10,114,104	1
SALES (THOUSAND GALLONS)	5,022,882	5,157,617	4,680,877	4,615,972	4,798,698	2
			DOLLAR AMOUNTS			
PURCHASED WATER, FUEL, OR POWER FOR PUMPING & CHEMICALS	$ 912,787	$ 876,285	$ 891,175	$ 842,644	$ 856,879	3
WAGES AND BENEFITS	2,592,603	1,808,147	1,860,970	1,771,249	1,721,720	4
OTHER OPERATION AND MAINTENANCE EXPENSES	3,009,101	3,177,350	2,367,602	2,037,300	2,017,569	5
DEPRECIATION AND MAINTENANCE EXPENSES	603,531	545,794	496,907	441,455	391,353	6
INCOME TAXES - OPERATING	-	-	-	-	-	7
OTHER TAXES - OPERATING	4,025,610	3,764,761	3,119,985	3,152,149	2,858,303	8
INTEREST CHARGES*	508,357	577,972	785,315	739,618	754,816	9
PREFERRED DIVIDENDS*	-	-	-	-	-	10
EARNINGS AVAILABLE FOR COMMON EQUITY	1,418,627	2,660,613	1,514,249	1,671,574	1,513,464	11
TOTAL	$ 13,070,616	$ 13,410,922	$ 11,036,203	$ 10,855,989	$ 10,114,104	12
			PERCENT OF REVENUES			
PURCHASED WATER, FUEL OR POWER FOR PUMPING & CHEMICALS	7.0	6.5	8.1	7.9	8.5	13
WAGES AND BENEFITS	19.8	13.5	16.9	16.6	17.0	14
OTHER OPERATION AND MAINTENANCE EXPENSES	23.0	23.7	21.5	19.1	19.9	15
DEPRECIATION AND AMORTIZATION EXPENSES	4.6	4.1	4.5	4.1	3.9	16
INCOME TAXES - OPERATING	-	-	-	-	-	17
OTHER TAXES - OPERATING	30.8	28.1	28.3	29.6	28.3	18
INTEREST CHARGES*	3.9	4.3	7.1	6.9	7.5	19
PREFERRED DIVIDENDS*	-	-	-	-	-	20
EARNINGS AVAILABLE FOR COMMON EQUITY	10.9	19.8	13.7	15.7	15.0	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
			CENTS PER THOUSAND GALLONS SOLD			
PURCHASED WATER, FUEL OR POWER FOR PUMPING & CHEMICALS	18.17	16.99	19.04	18.25	17.86	23
WAGES AND BENEFITS	51.62	35.06	39.76	38.37	35.88	24
OTHER OPERATION AND MAINTENANC EXPENSES	59.91	61.61	50.58	44.14	42.04	25
DEPRECIATION AND AMORTIZATION EXPENSES	12.02	10.58	10.62	9.56	8.16	26
INCOME TAXES - OPERATING	-	-	-	-	-	27
OTHER TAXES - OPERATING	80.15	72.99	66.65	68.29	59.56	28
INTEREST CHARGES*	10.12	11.21	16.78	16.02	15.73	29
PREFERRED DIVIDENDS*	-	-	-	-	-	30
EARNINGS AVAILABLE FOR COMMON EQUITY	28.24	51.59	32.35	36.21	31.54	31
TOTAL	260.22	260.02	235.77	230.85	210.77	32

*NET OF AFC

OWEGO WATER WORKS
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF UTILITY PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO.	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	WATER PLANT	$ 1,996,704	$ 1,903,214	$ 1,492,728	$ 1,373,289	$ 1,349,908
2	ACCUM. PROV. FOR DEPR. & AMORT.	530,348	494,716	530,018	518,130	493,509
3	NET WATER PLANT	1,466,356	1,408,498	962,710	855,159	856,399
4	OTHER PHYSICAL PROPERTY	-	-	-	-	-
5	INVESTMENTS IN ASSOCIATED COMPANIES	209,787	290,787	209,787	209,787	209,787
6	OTHER INVESTMENTS AND FUNDS	31,013	21,707	9,132	4,786	7,939
7	TOTAL INVESTMENT AND FUND ACCOUNTS	240,800	312,494	218,919	214,573	217,726
8	CASH AND WORKING FUNDS	16,970	30,603	6,900	6,297	9,069
9	SPECIAL DEPOSITS	-	-	-	-	-
10	TEMPORARY CASH INVESTMENTS	-	-	-	-	-
11	NOTES & ACCTS. RECEIVABLE LESS ACCUM. PROV. FOR UNCOLLECTIBLE ACCOUNTS	70,035	13,793	68,389	65,586	46,805
12	RECEIVABLES - ASSOCIATED COMPANIES	-	1,639	1,334	1,441	7,333
13	MATERIALS AND SUPPLIES	23,473	18,529	20,210	23,398	23,699
14	PREPAYMENTS	50,905	44,557	38,332	35,342	26,046
15	OTHER CURRENT AND ACCRUED ASSETS	96,030	92,003	81,400	82,511	84,156
16	TOTAL CURRENT AND ACCRUED ASSETS	257,413	201,124	216,565	214,575	197,108
17	UNAMORTIZED DEBT EXPENSE	-	-	-	-	13
18	EXTRAORDINARY PROPERTY LOSSES	-	-	-	-	-
19	PREL. SURVEY & INVESTIGATION CHARGES	514-	239	-	1,748	1,748
20	CLEARING ACCOUNTS	-	-	-	1,439	-
21	ACCUM. DEFERRED INCOME TAXES	1,410	-	-	-	-
22	OTHER DEFERRED DEBITS	10,120	19,938	100	8-	5,185
23	TOTAL DEFERRED DEBITS	11,016	20,177	100	3,179	6,946
24	TOTAL ASSETS AND OTHER DEBITS	$ 1,975,585	$ 1,861,293	$ 1,398,294	$ 1,287,486	$ 1,278,179
	WATER UTILITY PLANT					
25	PLANT IN SERVICE	$ 2,008,097	$ 1,914,607	$ 1,497,944	$ 1,384,682	$ 1,361,301
26	PLANT LEASED TO OTHERS	-	-	-	-	-
27	CONSTRUCTION WORK IN PROGRESS	-	-	6,177	-	-
28	PLANT HELD FOR FUTURE USE	-	-	-	-	-
29	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
30	OTHER PLANT ADJUSTMENTS	-	-	-	-	-
31	ACCUM. GAINS & LOSSES FROM DISP. OF UTILITY LAND & LAND RIGHTS	11,393-	11,393-	11,393-	11,393-	11,393-
32	TOTAL WATER UTILITY PLANT	1,996,704	1,903,214	1,492,728	1,373,289	1,349,908
33	ACCUM. PROV. FOR DEPR. & AMORT.	530,348	494,716	530,018	518,130	493,509
34	NET WATER UTILITY PLANT	$ 1,466,356	$ 1,408,498	$ 962,710	$ 855,159	$ 856,399
	PLANT IN SERVICE					
35	BEGINNING OF YEAR	$ 1,914,607	$ 1,497,944	$ 1,384,682	$ 1,361,301	$ 1,325,481
36	ADDITIONS	103,867	480,790	128,786	26,782	45,572
37	RETIREMENTS	10,377	64,127	15,524	3,401	9,752
38	TRANSFERS AND ADJUSTMENTS	-	-	-	-	-
39	END OF YEAR	$ 2,008,097	$ 1,914,607	$ 1,497,944	$ 1,384,682	$ 1,361,301

OWEGO WATER WORKS
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM		1987		1986		1985		1984		1983	LINE NO.
						LIABILITIES AND OTHER CREDITS					
COMMON CAPITAL STOCK	$	33,600	$	33,600	$	33,600	$	33,600	$	33,600	1
PREFERRED CAPITAL STOCK		-		-		-		-		-	2
STOCK LIABILITY FOR CONVERSION		-		-		-		-		-	3
PREMIUM ON CAPITAL STOCK		-		-		-		-		-	4
CAPITAL STOCK SUBSCRIBED		-		-		-		-		-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK		-		-		-		-		-	6
OTHER PAID-IN CAPITAL		870,690		817,690		532,690		532,690		366,690	7
CAPITAL STOCK EXPENSE		-		-		-		-		-	8
RETAINED EARNINGS		917,512		823,667		729,739		638,822		557,729	9
REACQUIRED CAPITAL STOCK		-		-		-		-		-	10
TOTAL PROPRIETARY CAPITAL		1,821,802		1,674,957		1,296,029		1,205,112		958,019	11
BONDS (LESS BONDS REACQUIRED)		-		-		-		-		-	12
ADVANCES FROM ASSOCIATED COMPANIES		-		-		-		-		-	13
OTHER LONG TERM DEBT		-		-		-		-		-	14
NET UNAMORTIZED DEBT PREMIUM + DISCOUNT		-		-		-		-		-	15
TOTAL LONG TERM DEBT		-		-		-		-		-	16
NOTES AND ACCOUNTS PAYABLE		14,835		29,908		11,909		4,044		24,540	17
PAYABLES TO ASSOCIATED COMPANIES		-		53,189		8,251		1,260		2,387	18
CUSTOMERS' DEPOSITS		5,829		5,189		4,436		3,254		3,075	19
TAXES ACCRUED		7,003		2,421-		4,488		22,737		9,780-	20
OTHER CURRENT AND ACCRUED LIABILITIES		18,956		21,401		20,943		15,935		270,519	21
TOTAL CURRENT AND ACCRUED LIABILITIES		46,623		107,266		50,027		47,230		290,741	22
CUSTOMER ADVANCES FOR CONSTRUCTION		-		-		-		-		-	23
ACCUM. DEFERRED INVESTMENT TAX CREDITS		30,867		31,598		32,359		20,712		18,638	24
OTHER DEFERRED CREDITS		3,525		251		-		-		-	25
ACCUMULATED DEFERRED INCOME TAXES:											
ACCELERATED AMORIZATION		-		-		-		-		-	26
LIBERALIZED DEPRECIATION		68,107		47,221		19,879		14,397		8,601	27
OTHER		4,661		-		-		35		2,180	28
TOTAL DEFERRED CREDITS		107,160		79,070		52,238		35,144		29,419	29
OPERATING RESERVES		-		-		-		-		-	30
TOTAL LIABILITIES AND OTHER CREDITS	$	1,975,585	$	1,861,293	$	1,398,294	$	1,287,486	$	1,278,179	31
						SELECTED BALANCE SHEET RELATIONSHIPS					
CURRENT ASSETS / CURRENT LIABILITIES		5.52		1.88		4.33		4.54		0.68	32
PERCENT OF CAPITALIZATION											
LONG TERM DEBT		-		-		-		-		-	33
PREFERRED STOCK		-		-		-		-		-	34
COMMON STOCK & OTHER PAID-IN CAPITAL		49.6		50.8		43.6		46.9		41.7	35
RETAINED EARNINGS		50.3		49.1		56.3		53.0		58.2	36
LONG-TERM DEBT % OF GROSS WATER PLANT		-		-		-		-		-	37
ACCUM. PROV. FOR DEPR. & AMORT. % OF WATER PLANT		26.5		25.9		35.5		37.7		36.5	38

OWEGO WATER WORKS
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO.	ITEM	1987	1986	1985	1984	1983
	SOURCE OF FUNDS					
	INTERNAL					
1	NET INCOME	$ 84,538	$ 81,352	$ 86,571	$ 84,249	$ 53,113
2	DEPRECIATION AND AMORTIZATIION	39,238	33,751	29,044	31,434	39,333
3	DEFERRED INCOME TAXES (NET)	26,680	26,832	17,094	5,725	5,618
4	INTEREST CAPITALIZED	-	-	-	-	-
5	OTHER (NET)	-	-	-	-	-
6	SUBTOTAL	150,456	141,935	132,709	121,408	98,064
7	EXTRAORDINARY ITEMS	-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	150,456	141,935	132,709	121,408	98,064
9	LESS DIVIDENDS PREFERRED	-	-	-	-	-
10	COMMON	-	-	-	-	-
11	NET FUNDS - INTERNAL SOURCES	150,456	141,935	132,709	121,408	98,064
	EXTERNAL					
12	LONG TERM DEBT	-	-	-	-	-
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	-	-	-	-	-
16	OTHER (NET)	8,271	2,200	-	166,000	98,648
17	TOTAL FUNDS - EXTERNAL SOURCES	8,271	2,200	-	166,000	98,648
	OTHER SOURCES					
18	NET DECREASE IN WORKING CAPITAL	-	72,680	807	-	-
19	OTHER	53,000	285,000	3,187	1,727	-
20	TOTAL FUNDS PROVIDED	$ 211,727	$ 501,815	$ 136,703	$ 289,135	$ 196,712
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
21	WATER PLANT	$ 103,867	$ 474,610	$ 134,963	$ 26,726	$ 31,690
22	NON-UTILITY PLANT	-	-	-	-	-
23	OTHER	-	-	-	-	-
24	TOTAL CONSTRUCTION	103,867	474,610	134,963	26,726	31,690
25	LESS INTEREST CAPITALIZED	-	-	-	-	-
26	TOTAL EXCLUDING INTEREST CAPITALIZED	103,867	474,610	134,963	26,726	31,690
	RETIREMENT OF SECURITIES					
27	LONG TERM DEBT	-	-	-	245,000	39,450
28	PREFERRED STOCK	-	-	-	-	-
29	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
30	NET DECREASE IN SHORT TERM DEBT	-	-	-	-	-
31	OTHER (NET)	-	-	-	-	40,000
32	TOTAL RETIREMENT OF SECURITIES	-	-	-	245,000	79,450
	OTHER USES					
33	NET INCREASE IN WORKING CAPITAL	116,932	-	-	15,978	78,018
34	OTHER	9,072-	27,205	1,740	1,431	7,554
35	TOTAL FUNDS APPLIED	$ 211,727	$ 501,815	$ 136,703	$ 289,135	$ 196,712

OWEGO WATER WORKS
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM		1987	1986	1985	1984	1983	LINE NO.
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS							
WATER OPERATING INCOME							
OPERATING REVENUES	$	739,963 $	677,464 $	671,000 $	679,466 $	641,491	1
OPERATION AND MAINTENANCE EXPENSE		342,793	315,856	315,013	337,708	341,324	2
DEPRECIATION		39,238	33,751	29,044	26,236	26,274	3
AMORTIZATION		-	-	-	-	-	4
TAXES OTHER THAN INCOME TAXES		149,363	135,794	124,258	128,661	126,236	5
INCOME TAXES		61,753	57,495	71,896	68,235	40,847	6
TOTAL OPERATING EXPENSES		593,147	542,896	540,211	560,840	534,681	7
NET OPERATING REVENUES		146,816	134,568	130,789	118,626	106,810	8
INC. - LEASED PLANT		-	-	-	-	-	9
TOTAL WATER OPERATING INCOME		146,816	134,568	130,789	118,626	106,810	10
OTHER INCOME							
MERCH., JOBBING, & CONTRACT WORK		259	23	-	-	264	11
INCOME FROM NONUTILITY OPERATIONS		-	-	-	-	-	12
NONOPERATING RENTAL INCOME		-	-	-	-	-	13
INTEREST AND DIVIDEND INCOME		-	-	-	-	-	14
ALLOWANCE FOR CONSTRUCTION FUNDS		-	-	-	-	-	15
MISCELLANEOUS NONOPERATING INCOME		-	-	500	1,291	-	16
GAIN ON DISPOSITION OF PROPERTY		-	-	-	-	-	17
TOTAL OTHER INCOME		259	23	500	1,291	264	18
TOTAL INCOME		147,075	134,591	131,289	119,917	107,074	19
OTHER INCOME DEDUCTIONS							
LOSS ON DISPOSITION OF PROPERTY		-	-	-	-	-	20
MISCELLANEOUS AMORTIZATION		-	-	-	-	-	21
MISCELLANEOUS DEDUCTIONS		-	-	-	-	54	22
TAXES OTHER THAN INC. TAXES-NONOPERATING		-	-	-	-	-	23
INCOME TAXES-NONOPERATING		731-	761-	677-	611-	576-	24
TOTAL INCOME DEDUCTIONS		731-	761-	677-	611-	522-	25
INCOME BEFORE INTEREST CHARGES		147,806	135,352	131,966	120,528	107,596	26
INTEREST CHARGES							
INTEREST ON LONG-TERM DEBT		-	-	-	-	16,630	27
AMORT. OF DEBT DISCOUNT EXPENSE		-	-	-	13	450	28
AMORT. OF PREMIUM ON DEBT-CREDIT		-	-	-	-	-	29
INTEREST ON DEBT TO ASSOCIATED COMPANIES		62,637	53,777	44,830	36,210	35,124	30
OTHER INTEREST CHARGES		630	223	565	56	2,279	31
TOTAL INTEREST CHARGES		63,267	54,000	45,395	36,279	54,483	33
EXTRAORDINARY ITEMS - NET		-	-	-	-	-	33
NET INCOME	$	84,539 $	81,352 $	86,571 $	84,249 $	53,113	34
RETAINED EARNINGS							
BEGINNING OF YEAR	$	823,667 $	729,739 $	638,822 $	557,729 $	494,364	35
TRANSFERRED FROM INCOME		84,539	81,353	86,571	84,249	53,113	36
APPROPRIATIONS		-	-	-	-	-	37
DIVIDENDS DECLARED-PREFERRED STOCK		-	-	-	-	-	38
-COMMON STOCK		-	-	-	-	-	39
ADJUSTMENTS		9,306	12,575	4,346	3,156-	10,252	40
BALANCE END OF YEAR		917,512	823,667	729,739	638,822	557,729	41
APPROPRIATED RETAINED EARNINGS		-	-	-	-	-	42
TOTAL END OF YEAR	$	917,512 $	823,667 $	729,739 $	638,822 $	557,729	43
SELECTED INCOME ACCOUNT RELATIONSHIPS							
NET INCOME - % OF OPERATING REVENUES		11.4	12.0	12.9	12.3	8.2	45
PRETAX COVERAGE OF INTEREST EXPENSE		3.3	3.6	4.5	5.2	2.7	44
COMMON STOCK DIVIDENDS AS A % OF EARNINGS		-	-	-	-	-	46
RETURN ON COMMON EQUITY		4.8	5.4	6.9	7.7	6.0	47

OWEGO WATER WORKS
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	WATER OPERATING REVENUES					
	REVENUES					
1	METERED SALES TO GENERAL CUSTOMERS	$ 649,808	$ 613,210	$ 606,968	$ 614,610	$ 581,968
2	UNMETERED SALES TO GENERAL CUSTOMERS	245	-	-	-	-
3	SALES TO OTHER WATER COMPANIES	22,695	19,175	20,039	21,286	18,390
4	OTHER SALES OF WATER	65,745	42,689	42,197	41,137	38,466
5	TOTAL REVENUES FROM SALES OF WATER	738,493	675,074	669,204	677,033	638,824
6	OTHER WATER OPERATING REVENUES	1,470	2,390	1,796	2,433	2,667
7	TOTAL WATER OPERATING REVENUES	$ 739,963	$ 677,464	$ 671,000	$ 679,466	$ 641,491
	WATER SALES (T GALLONS)					
8	METERED SALES TO GENERAL CUSTOMERS	397,023	428,437	456,000	478,930	485,540
9	UNMETERED SALES TO GENERAL CUSTOMERS	63	-	-	-	-
10	SALES TO OTHER WATER COMPANIES	30,352	27,453	28,675	30,342	28,636
11	OTHER SALES OF WATER	10,229	-	-	-	-
12	TOTAL SALES OF WATER	437,667	455,890	484,675	509,278	514,176
	AVERAGE CUSTOMERS PER MONTH					
13	METERED SALES TO GENERAL CUSTOMERS	1,439	1,449	1,436	1,409	1,413
14	UNMETERED SALES TO GENERAL CUSTOMERS	3	-	-	-	-
15	SALES TO OTHER WATER COMPANIES	2	2	2	2	2
16	OTHER SALES OF WATER	32	22	21	21	22
17	TOTAL CUSTOMERS	1,476	1,473	1,459	1,432	1,437
	WATER OPERATING REVENUE RELATIONSHIPS					
	METERED GENERAL CUSTOMERS					
18	AVG. ANNUAL BILL PER CUSTOMER	$ 451.56	$ 423.19	$ 422.67	$ 436.20	$ 411.86
19	AVG. CONSUMPTION PER CUSTOMER (T. GAL)	275.90	295.67	317.54	339.90	343.62
20	AVG. REVENUE PER T. GALLONS SOLD (CENTS)	163.67	143.13	133.11	128.33	119.86
	UNMETERED GENERAL CUSTOMERS					
21	AVG. ANNUAL BILL PER CUSTOMER	$ 81.66	-	-	-	-
22	AVG. CONSUMPTION PER CUSTOMER (T. GAL)	21.00	-	-	-	-
23	AVG. REVENUE PER T GALLONS SOLD(CENTS)	388.89	-	-	-	-
	WATER OPERATION AND MAINTENANCE EXPENSES					
24	SOURCE OF SUPPLY	$ 4,054	$ 13,905	$ 14,030	$ 10,165	$ 8,693
25	POWER AND PUMPING	92,275	89,307	94,045	94,178	103,101
26	PURIFICATION	7,294	6,535	6,219	7,150	8,161
27	TRANSMISSION AND DISTRIBUTION	29,117	40,572	37,654	38,810	42,386
28	CUSTOMERS ACCT'G & COLLECTING	26,481	22,325	22,202	21,742	20,994
29	ADMINISTRATIVE & GENERAL	183,572	143,212	140,863	165,663	157,989
30	TOTAL WATER O & M EXPENSES	$ 342,793	$ 315,866	$ 315,013	$ 337,708	$ 341,324

OWEGO WATER WORKS
DISTRIBUTION OF WATER REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
REVENUES	$ 739,963	$ 677,464	$ 671,000	$ 679,466	$ 641,491	1
SALES (THOUSAND GALLONS)	437,667	455,890	484,675	509,278	514,176	2
DOLLAR AMOUNTS						
PURCHASED WATER, FUEL, OR POWER FOR PUMPING & CHEMICALS	$ 76,396	$ 77,841	$ 79,546	$ 83,599	$ 78,657	3
WAGES AND BENEFITS	135,072	97,662	127,057	127,628	126,356	4
OTHER OPERATION AND MAINTENANCE EXPENSES	131,326	140,353	108,410	126,481	136,311	5
DEPRECIATION AND MAINTENANCE EXPENSES	39,238	33,751	29,044	26,236	26,274	6
INCOME TAXES - OPERATING	61,753	57,495	71,896	68,235	40,847	7
OTHER TAXES - OPERATING	149,363	135,794	124,258	128,661	126,236	8
INTEREST CHARGES*	63,267	54,000	45,395	36,279	54,483	9
PREFERRED DIVIDENDS*	-	-	-	-	-	10
EARNINGS AVAILABLE FOR COMMON EQUITY	83,549	80,568	85,394	82,347	52,327	11
TOTAL	$ 739,963	$ 677,464	$ 671,000	$ 679,466	$ 641,491	12
PERCENT OF REVENUES						
PURCHASED WATER, FUEL OR POWER FOR PUMPING & CHEMICALS	10.3	11.5	11.9	12.3	12.3	13
WAGES AND BENEFITS	18.3	14.4	18.9	18.8	19.7	14
OTHER OPERATION AND MAINTENANCE EXPENSES	17.7	20.7	16.2	18.6	21.2	15
DEPRECIATION AND AMORTIZATION EXPENSES	5.3	5.0	4.3	3.9	4.1	16
INCOME TAXES - OPERATING	8.3	8.5	10.7	10.0	6.4	17
OTHER TAXES - OPERATING	20.2	20.0	18.5	18.9	19.7	18
INTEREST CHARGES*	8.6	8.0	6.8	5.3	8.5	19
PREFERRED DIVIDENDS*	-	-	-	-	-	20
EARNINGS AVAILABLE FOR COMMON EQUITY	11.3	11.9	12.7	12.1	8.2	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
CENTS PER THOUSAND GALLONS SOLD						
PURCHASED WATER, FUEL OR POWER FOR PUMPING & CHEMICALS	17.46	17.07	16.41	16.42	15.30	23
WAGES AND BENEFITS	30.86	21.42	26.21	25.06	24.57	24
OTHER OPERATION AND MAINTENANC EXPENSES	30.01	30.79	22.37	24.84	26.51	25
DEPRECIATION AND AMORTIZATION EXPENSES	8.97	7.40	5.99	5.15	5.11	26
INCOME TAXES - OPERATING	14.11	12.61	14.83	13.40	7.94	27
OTHER TAXES - OPERATING	34.13	29.79	25.64	25.26	24.55	28
INTEREST CHARGES*	14.46	11.84	9.37	7.12	10.60	29
PREFERRED DIVIDENDS*	-	-	-	-	-	30
EARNINGS AVAILABLE FOR COMMON EQUITY	19.09	17.67	17.62	16.17	10.18	31
TOTAL	169.07	148.60	138.44	133.42	124.76	32

*NET OF AFC

SEA CLIFF WATER COMPANY
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF UTILITY PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO.	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	WATER PLANT	$ 3,295,708	$ 2,626,044	$ 2,450,181	$ 2,290,502	$ 2,168,905
2	ACCUM. PROV. FOR DEPR. & AMORT.	1,060,259	1,017,132	975,321	939,794	906,584
3	NET WATER PLANT	2,235,449	1,608,912	1,474,860	1,350,708	1,262,321
4	OTHER PHYSICAL PROPERTY	176	176	176	176	176
5	INVESTMENTS IN ASSOCIATED COMPANIES	-	-	-	-	-
6	OTHER INVESTMENTS AND FUNDS	-	-	-	-	-
7	TOTAL INVESTMENT AND FUND ACCOUNTS	176	176	176	176	176
8	CASH AND WORKING FUNDS	59,863	658,548	229,923	140,007	224,629
9	SPECIAL DEPOSITS	100	100	100	100	100
10	TEMPORARY CASH INVESTMENTS	-	-	-	-	-
11	NOTES & ACCTS. RECEIVABLE LESS ACCUM. PROV. FOR UNCOLLECTIBLE ACCOUNTS	252,091	186,280	182,415	190,451	180,529
12	RECEIVABLES - ASSOCIATED COMPANIES	-	-	-	-	-
13	MATERIALS AND SUPPLIES	52,345	24,937	29,634	26,926	23,597
14	PREPAYMENTS	24,547	39,002	31,729	25,938	25,284
15	OTHER CURRENT AND ACCRUED ASSETS	103,672	94,430	74,225	96,570	59,746
16	TOTAL CURRENT AND ACCRUED ASSETS	492,618	1,003,397	548,026	479,992	513,885
17	UNAMORTIZED DEBT EXPENSE	10,533	13,276	16,240	18,688	-
18	EXTRAORDINARY PROPERTY LOSSES	-	-	-	-	-
19	PREL. SURVEY & INVESTIGATION CHARGES	-	-	-	-	-
20	CLEARING ACCOUNTS	-	-	-	-	-
21	ACCUM. DEFERRED INCOME TAXES	-	-	-	-	-
22	OTHER DEFERRED DEBITS	106,994	56,073	13,390	46,538	16,195
23	TOTAL DEFERRED DEBITS	117,527	69,349	29,630	65,226	16,195
24	TOTAL ASSETS AND OTHER DEBITS	$ 2,845,770	$ 2,681,834	$ 2,052,692	$ 1,896,102	$ 1,792,577
	WATER UTILITY PLANT					
25	PLANT IN SERVICE	$ 2,998,182	$ 2,570,075	$ 2,412,371	$ 2,212,585	$ 2,151,167
26	PLANT LEASED TO OTHERS	-	-	-	-	-
27	CONSTRUCTION WORK IN PROGRESS	297,526	55,969	37,810	77,917	17,738
28	PLANT HELD FOR FUTURE USE	-	-	-	-	-
29	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
30	OTHER PLANT ADJUSTMENTS	-	-	-	-	-
31	ACCUM. GAINS & LOSSES FROM DISP. OF UTILITY LAND & LAND RIGHTS	-	-	-	-	-
32	TOTAL WATER UTILITY PLANT	3,295,708	2,626,044	2,450,181	2,290,502	2,168,905
33	ACCUM. PROV. FOR DEPR. & AMORT.	1,060,259	1,017,132	975,321	939,794	906,584
34	NET WATER UTILITY PLANT	$ 2,235,449	$ 1,608,912	$ 1,474,860	$ 1,350,708	$ 1,262,321
	PLANT IN SERVICE					
35	BEGINNING OF YEAR	$ 2,570,075	$ 2,412,371	$ 2,212,585	$ 2,151,167	$ 2,068,415
36	ADDITIONS	428,297	158,106	200,810	62,721	83,949
37	RETIREMENTS	189	402	1,024	1,238	1,197
38	TRANSFERS AND ADJUSTMENTS	-	-	-	65-	-
39	END OF YEAR	$ 2,998,182	$ 2,570,075	$ 2,412,371	$ 2,212,585	$ 2,151,167

SEA CLIFF WATER COMPANY
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO.
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 24,950	$ 24,950	$ 24,950	$ 24,950	$ 24,950	1
PREFERRED CAPITAL STOCK	-	-	-	-	-	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	319,496	319,496	319,496	319,496	319,496	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	792,473	702,674	618,289	540,069	423,989	9
REACQUIRED CAPITAL STOCK	-	-	-	-	-	10
TOTAL PROPRIETARY CAPITAL	1,136,919	1,047,120	962,735	884,515	768,435	11
BONDS (LESS BONDS REACQUIRED)	-	-	-	-	-	12
ADVANCES FROM ASSOCIATED COMPANIES	587,000	-	-	-	-	13
OTHER LONG TERM DEBT	-	638,000	696,000	739,000	-	14
NET UNAMORTIZED DEBT PREMIUM - DISCOUNT	-	-	-	-	-	15
TOTAL LONG TERM DEBT	587,000	638,000	696,000	739,000	-	16
NOTES AND ACCOUNTS PAYABLE	152,411	103,118	40,785	9,169	770,240	17
PAYABLES TO ASSOCIATED COMPANIES	-	-	10,320	-	144	18
CUSTOMERS' DEPOSITS	9,930	8,990	7,000	5,085	6,335	19
TAXES ACCRUED	101,879	54,433	69,074	21,837	25,208	20
OTHER CURRENT AND ACCRUED LIABILITIES	70,165	58,399	41,867	40,556	58,889	21
TOTAL CURRENT AND ACCRUED LIABILITIES	334,385	224,940	169,046	77,647	860,816	22
CUSTOMER ADVANCES FOR CONSTRUCTION	541,482	541,482	101,659	79,159	95,159	23
ACCUM. DEFERRED INVESTMENT TAX CREDITS	60,768	61,768	62,648	43,767	39,531	24
OTHER DEFERRED CREDITS	62,429	62,429	2,862	2,862	2,862	25
ACCUMULATED DEFERRED INCOME TAXES:						
ACCELERATED AMORIZATION	-	-	-	-	-	26
LIBERALIZED DEPRECIATION	72,487	53,445	34,830	22,570	13,107	27
OTHER	50,300	52,650	22,912	46,582	12,667	28
TOTAL DEFERRED CREDITS	787,466	771,774	224,911	194,940	163,326	29
OPERATING RESERVES	-	-	-	-	-	30
TOTAL LIABILITIES AND OTHER CREDITS	$ 2,845,770	$ 2,681,834	$ 2,052,692	$ 1,896,102	$ 1,792,577	31
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS / CURRENT LIABILITIES	1.47	4.46	3.24	6.18	0.60	32
PERCENT OF CAPITALIZATION:						
LONG TERM DEBT	34.0	37.8	41.9	45.5	-	33
PREFERRED STOCK	-	-	-	-	-	34
COMMON STOCK & OTHER PAID-IN CAPITAL	19.9	20.4	20.7	21.2	44.8	35
RETAINED EARNINGS	45.9	41.6	37.2	33.2	55.1	36
LONG-TERM DEBT:% OF GROSS WATER PLANT	17.8	24.2	28.4	32.2	-	37
ACCUM. PROV. FOR DEPR. & AMORT. % OF WATER PLANT	32.1	38.7	39.8	41.0	41.7	38

309C

SEA CLIFF WATER COMPANY
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO.	ITEM	1987	1986	1985	1984	1983
	SOURCE OF FUNDS					
	INTERNAL:					
1	NET INCOME	$ 144,799	$ 139,385	$ 133,220	$ 116,080	$ 105,085
2	DEPRECIATION AND AMORTIZATIION	72,970	67,990	82,484	48,723	72,470
3	DEFERRED INCOME TAXES (NET)	15,692	47,473	7,471	47,614	-
4	INTEREST CAPITALIZED	-	-	-	-	-
5	OTHER (NET)	502	430	405	405	-
6	SUBTOTAL	233,963	255,278	223,580	212,822	177,555
7	EXTRAORDINARY ITEMS	-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	233,963	255,278	223,580	212,822	177,555
9	LESS DIVIDENDS: PREFERRED	-	-	-	-	-
10	COMMON	55,000	55,000	55,000	-	-
11	NET FUNDS - INTERNAL SOURCES	178,963	200,278	168,580	212,822	177,555
	EXTERNAL:					
12	LONG TERM DEBT	-	-	-	760,000	-
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	-	-	-	-	-
16	OTHER (NET)	-	499,390	22,500	-	36,500
17	TOTAL FUNDS - EXTERNAL SOURCES	-	499,390	22,500	760,000	36,500
	OTHER SOURCES:					
18	NET DECREASE IN WORKING CAPITAL	620,224	-	23,365	-	-
19	OTHER	-	-	-	-	-
20	TOTAL FUNDS PROVIDED	$ 799,187	$ 699,668	$ 214,445	$ 972,822	$ 214,055
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
21	WATER PLANT	$ 667,641	$ 176,265	$ 160,686	$ 122,834	$ 91,099
22	NON-UTILITY PLANT	-	-	-	-	-
23	OTHER	-	-	-	-	-
24	TOTAL CONSTRUCTION	667,641	176,265	160,686	122,834	91,099
25	LESS INTEREST CAPITALIZED	-	-	-	-	-
26	TOTAL EXCLUDING INTEREST CAPITALIZED	667,641	176,265	160,686	122,834	91,099
	RETIREMENT OF SECURITIES:					
27	LONG TERM DEBT	51,000	58,000	43,000	21,000	-
28	PREFERRED STOCK	-	-	-	-	-
29	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
30	NET DECREASE IN SHORT TERM DEBT	-	-	-	-	40,000
31	OTHER (NET)	-	-	-	16,000	-
32	TOTAL RETIREMENT OF SECURITIES	51,000	58,000	43,000	37,000	40,000
	OTHER USES:					
33	NET INCREASE IN WORKING CAPITAL	-	399,477	-	749,276	73,974
34	OTHER	80,546	65,926	10,759	63,712	8,982
35	TOTAL FUNDS APPLIED	$ 799,187	$ 699,668	$ 214,445	$ 972,822	$ 214,055

SEA CLIFF WATER COMPANY
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

3090

ITEM	1987	1986	1985	1984	1983	LINE NO.
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
WATER OPERATING INCOME:						
OPERATING REVENUES	$ 1,216,246	$ 1,236,811	$ 1,131,991	$ 955,652	$ 899,334	1
OPERATION AND MAINTENANCE EXPENSE	534,869	549,594	447,206	375,274	357,767	2
DEPRECIATION	44,127	41,602	37,209	35,794	34,312	3
AMORTIZATION	180	181	181	181	181	4
TAXES OTHER THAN INCOME TAXES	376,001	342,159	344,192	295,692	280,367	5
INCOME TAXES	74,000	84,600	89,200	44,200	45,000	6
TOTAL OPERATING EXPENSES	1,029,177	1,018,136	917,988	751,141	717,627	7
NET OPERATING REVENUES	187,069	218,675	214,003	204,511	181,707	8
INC. - LEASED PLANT	-	-	-	-	-	9
TOTAL WATER OPERATING INCOME	187,069	218,675	214,003	204,511	181,707	10
OTHER INCOME:						
MERCH., JOBBING, & CONTRACT WORK	-	-	-	-	-	11
INCOME FROM NONUTILITY OPERATIONS	-	-	-	-	-	12
NONOPERATING RENTAL INCOME	-	-	-	-	-	13
INTEREST AND DIVIDEND INCOME	25,188	10,456	12,527	18,599	17,608	14
ALLOWANCE FOR CONSTRUCTION FUNDS	-	-	-	-	-	15
MISCELLANEOUS NONOPERATING INCOME	-	-	-	-	-	16
GAIN ON DISPOSITION OF PROPERTY	-	-	-	-	-	17
TOTAL OTHER INCOME	25,188	10,456	12,527	18,599	17,608	18
TOTAL INCOME	212,257	229,131	226,530	223,110	199,315	19
OTHER INCOME DEDUCTIONS						
LOSS ON DISPOSITION OF PROPERTY	-	-	-	-	-	20
MISCELLANEOUS AMORTIZATION	-	-	-	-	-	21
MISCELLANEOUS DEDUCTIONS	-	-	-	-	-	22
TAXES OTHER THAN INC. TAXES-NONOPERATING	-	392	470	-	-	23
INCOME TAXES-NONOPERATING	9,000	3,500	4,000	5,000	4,618	24
TOTAL INCOME DEDUCTIONS	9,000	3,892	4,470	5,000	4,618	25
INCOME BEFORE INTEREST CHARGES	203,257	225,239	222,060	218,110	194,697	26
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	54,176	82,285	85,811	98,264	-	27
AMORT. OF DEBT DISCOUNT EXPENSE	2,743	2,964	2,448	3,211	-	28
AMORT. OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	29
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	30
OTHER INTEREST CHARGES	1,539	605	581	555	89,612	31
TOTAL INTEREST CHARGES	58,458	85,854	88,840	102,030	89,612	33
EXTRAORDINARY ITEMS - NET	-	-	-	-	-	33
NET INCOME	$ 144,799	$ 139,385	$ 133,220	$ 116,080	$ 105,085	34
RETAINED EARNINGS:						
BEGINNING OF YEAR	$ 702,674	$ 618,289	$ 540,069	$ 423,989	$ 318,904	35
TRANSFERRED FROM INCOME	144,799	139,385	133,220	116,080	105,085	36
APPROPRIATIONS	-	-	-	-	-	37
DIVIDENDS DECLARED-PREFERRED STOCK	-	-	-	-	-	38
-COMMON STOCK	55,000	55,000	55,000	-	-	39
ADJUSTMENTS	-	-	-	-	-	40
BALANCE END OF YEAR	792,473	702,674	618,289	540,069	423,989	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 792,473	$ 702,674	$ 618,289	$ 540,069	$ 423,989	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME - % OF OPERATING REVENUES	11.9	11.2	11.7	12.1	11.6	45
PRETAX COVERAGE OF INTEREST EXPENSE	4.9	3.6	3.5	2.6	2.7	44
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	37.9	39.4	41.2	-	-	46
RETURN ON COMMON EQUITY	13.2	13.8	14.4	14.0	14.6	47

309E

SEA CLIFF WATER COMPANY
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

WATER OPERATING REVENUES

LINE NO	ITEM	1987	1986	1985	1984	1983
	REVENUES					
1	METERED SALES TO GENERAL CUSTOMERS	$ 1,043,355	$ 1,071,128	$ 966,042	$ 820,898	$ 773,698
2	UNMETERED SALES TO GENERAL CUSTOMERS	-	-	-	-	-
3	SALES TO OTHER WATER COMPANIES	-	-	-	-	-
4	OTHER SALES OF WATER	164,922	157,862	159,798	127,979	121,993
5	TOTAL REVENUES FROM SALES OF WATER	1,208,277	1,228,990	1,125,840	948,877	895,691
6	OTHER WATER OPERATING REVENUES	7,969	7,821	6,151	6,775	3,643
7	TOTAL WATER OPERATING REVENUES	$ 1,216,246	$ 1,236,811	$ 1,131,991	$ 955,652	$ 899,334
	~~WATER~~ SALES (T GALLONS):					
8	METERED SALES TO GENERAL CUSTOMERS	396,537	406,804	375,686	368,280	398,798
9	UNMETERED SALES TO GENERAL CUSTOMERS	-	-	-	-	-
10	SALES TO OTHER WATER COMPANIES	-	-	-	-	-
11	OTHER SALES OF WATER	-	-	-	-	-
12	TOTAL SALES OF WATER	396,537	406,804	375,686	368,280	398,798
	AVERAGE CUSTOMERS PER MONTH:					
13	METERED SALES TO GENERAL CUSTOMERS	4,085	4,088	4,081	4,065	4,043
14	UNMETERED SALES TO GENERAL CUSTOMERS	-	-	-	-	-
15	SALES TO OTHER WATER COMPANIES	-	-	-	-	-
16	OTHER SALES OF WATER	380	381	380	379	379
17	TOTAL CUSTOMERS	4,465	4,469	4,461	4,444	4,422

WATER OPERATING REVENUE RELATIONSHIPS

LINE NO	ITEM	1987	1986	1985	1984	1983
	METERED GENERAL CUSTOMERS:					
18	AVG. ANNUAL BILL PER CUSTOMER	$ 255.41	$ 262.01	$ 236.71	$ 201.94	$ 191.36
19	AVG. CONSUMPTION PER CUSTOMER (T. GAL)	97.07	99.51	92.05	90.59	98.63
20	AVG. REVENUE PER T. GALLONS SOLD (CENTS)	263.12	263.30	257.14	222.90	194.01
	UNMETERED GENERAL CUSTOMERS:					
21	AVG. ANNUAL BILL PER CUSTOMER	-	-	-	-	-
22	AVG. CONSUMPTION PER CUSTOMER (T. GAL)	-	-	-	-	-
23	AVG. REVENUE PER T.GALLONS SOLD(CENTS)	-	-	-	-	-

WATER OPERATION AND MAINTENANCE EXPENSES

LINE NO	ITEM	1987	1986	1985	1984	1983
24	SOURCE OF SUPPLY	$ 13,134	$ 10,224	$ 9,896	$ 6,247	$ 5,789
25	POWER AND PUMPING	125,053	125,798	124,648	109,554	91,145
26	PURIFICATION	43,244	52,427	33,990	29,827	25,810
27	TRANSMISSION AND DISTRIBUTION	60,264	83,699	51,490	34,317	37,384
28	CUSTOMERS ACCT'G & COLLECTING	116,788	111,058	102,985	92,888	89,809
29	ADMINISTRATIVE & GENERAL	176,386	166,388	124,197	102,441	107,830
30	TOTAL WATER O & M EXPENSES	$ 534,869	$ 549,594	$ 447,206	$ 375,274	$ 357,767

SEA CLIFF WATER COMPANY
DISTRIBUTION OF WATER REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
REVENUES	$ 1,216,246	$ 1,236,811	$ 1,131,991	$ 955,652	$ 899,334	1
SALES (THOUSAND GALLONS)	396,537	406,804	375,686	368,280	398,798	2
			DOLLAR AMOUNTS			
PURCHASED WATER, FUEL, OR POWER FOR PUMPING & CHEMICALS	$ 102,473	$ 99,526	$ 97,392	$ 94,789	$ 91,493	3
WAGES AND BENEFITS	140,799	141,260	127,344	106,302	90,959	4
OTHER OPERATION AND MAINTENANCE EXPENSES	291,597	308,808	222,470	174,183	175,315	5
DEPRECIATION AND MAINTENANCE EXPENSES	44,307	41,783	37,390	35,975	34,493	6
INCOME TAXES - OPERATING	74,000	84,600	89,200	44,200	45,000	7
OTHER TAXES - OPERATING	376,001	342,159	344,192	295,692	280,367	8
INTEREST CHARGES*	58,458	85,854	88,840	102,030	89,612	9
PREFERRED DIVIDENDS*	-	-	-	-	-	10
EARNINGS AVAILABLE FOR COMMON EQUITY	128,611	132,821	125,163	102,481	92,095	11
TOTAL	$ 1,216,246	$ 1,236,811	$ 1,131,991	$ 955,652	$ 899,334	12
			PERCENT OF REVENUES			
PURCHASED WATER, FUEL OR POWER FOR PUMPING & CHEMICALS	8.4	8.0	8.6	9.9	10.2	13
WAGES AND BENEFITS	11.6	11.4	11.2	11.1	10.1	14
OTHER OPERATION AND MAINTENANCE EXPENSES	24.0	25.0	19.7	18.2	19.5	15
DEPRECIATION AND AMORTIZATION EXPENSES	3.6	3.4	3.3	3.8	3.8	16
INCOME TAXES - OPERATING	6.1	6.8	7.9	4.6	5.0	17
OTHER TAXES - OPERATING	30.9	27.7	30.4	30.9	31.2	18
INTEREST CHARGES*	4.8	6.9	7.8	10.7	10.0	19
PREFERRED DIVIDENDS*	-	-	-	-	-	20
EARNINGS AVAILABLE FOR COMMON EQUITY	10.6	10.7	11.1	10.7	10.2	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
			CENTS PER THOUSAND GALLONS SOLD			
PURCHASED WATER, FUEL OR POWER FOR PUMPING & CHEMICALS	25.84	24.47	25.92	25.74	22.94	23
WAGES AND BENEFITS	35.51	34.72	33.90	28.86	22.81	24
OTHER OPERATION AND MAINTENANC EXPENSES	73.54	75.91	59.22	47.30	43.96	25
DEPRECIATION AND AMORTIZATION EXPENSES	11.17	10.27	9.95	9.77	8.65	26
INCOME TAXES - OPERATING	18.66	20.80	23.74	12.00	11.28	27
OTHER TAXES - OPERATING	94.82	84.11	91.62	80.29	70.30	28
INTEREST CHARGES*	14.74	21.10	23.65	27.70	22.47	29
PREFERRED DIVIDENDS*	-	-	-	-	-	30
EARNINGS AVAILABLE FOR COMMON EQUITY	32.43	32.65	33.32	27.83	23.09	31
TOTAL	306.72	304.03	301.31	259.49	225.51	32

*NET OF AFC

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SHOREWOOD WATER CORP
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF UTILITY PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO.	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	WATER PLANT	$ 7,755,901	$ 5,657,795	$ 4,836,664	$ 3,999,728	$ 3,624,631
2	ACCUM. PROV. FOR DEPR. & AMORT.	886,335	783,781	699,538	626,427	562,608
3	NET WATER PLANT	6,869,566	4,874,013	4,137,126	3,373,301	3,062,023
4	OTHER PHYSICAL PROPERTY	-	-	-	-	-
5	INVESTMENTS IN ASSOCIATED COMPANIES	-	-	-	-	-
6	OTHER INVESTMENTS AND FUNDS	-	-	-	-	-
7	TOTAL INVESTMENT AND FUND ACCOUNTS	-	-	-	-	-
8	CASH AND WORKING FUNDS	14,097	126,256	1,007	11,218	9,329
9	SPECIAL DEPOSITS	280,536	-	-	-	-
10	TEMPORARY CASH INVESTMENTS	1,507,563	-	-	-	-
11	NOTES & ACCTS. RECEIVABLE LESS ACCUM. PROV. FOR UNCOLLECTIBLE ACCOUNTS	87,850	89,074	255,719	54,576	80,764
12	RECEIVABLES - ASSOCIATED COMPANIES	57,020	-	-	-	-
13	MATERIALS AND SUPPLIES	22,190	14,190	7,815	7,514	8,503
14	PREPAYMENTS	-	1,555	1,084	2,042	2,042
15	OTHER CURRENT AND ACCRUED ASSETS	20,000	200	200	200	200
16	TOTAL CURRENT AND ACCRUED ASSETS	1,989,256	231,276	265,825	75,550	100,838
17	UNAMORTIZED DEBT EXPENSE	161,500	-	-	-	-
18	EXTRAORDINARY PROPERTY LOSSES	-	-	-	-	-
19	PREL. SURVEY & INVESTIGATION CHARGES	-	-	-	-	-
20	CLEARING ACCOUNTS	13,307-	-	1,443	1,407	1,334
21	ACCUM. DEFERRED INCOME TAXES	314,747-	-	-	-	-
22	OTHER DEFERRED DEBITS	13,142	-	-	-	-
23	TOTAL DEFERRED DEBITS	153,412-	-	1,443	1,407	1,334
24	TOTAL ASSETS AND OTHER DEBITS	$ 8,705,410	$ 5,105,290	$ 4,404,394	$ 3,450,260	$ 3,164,196
	WATER UTILITY PLANT					
25	PLANT IN SERVICE	$ 7,712,309	$ 5,597,944	$ 4,833,740	$ 3,987,396	$ 3,612,525
26	PLANT LEASED TO OTHERS	-	-	-	-	-
27	CONSTRUCTION WORK IN PROGRESS	43,592	59,850	2,923	-	-
28	PLANT HELD FOR FUTURE USE	-	-	-	12,332	12,106
29	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
30	OTHER PLANT ADJUSTMENTS	-	-	-	-	-
31	ACCUM. GAINS & LOSSES FROM DISP OF UTILITY LAND & LAND RIGHTS	-	-	-	-	-
32	TOTAL WATER UTILITY PLANT	7,755,901	5,657,795	4,836,664	3,999,728	3,624,631
33	ACCUM. PROV. FOR DEPR. & AMORT.	886,335	783,781	699,538	626,427	562,608
34	NET WATER UTILITY PLANT	$ 6,869,566	$ 4,874,013	$ 4,137,126	$ 3,373,301	$ 3,062,023
	PLANT IN SERVICE					
35	BEGINNING OF YEAR	$ 5,597,946	$ 4,833,740	$ 3,987,396	$ 3,612,525	$ 3,256,955
36	ADDITIONS	2,114,363	1,417,918	846,343	374,871	355,570
37	RETIREMENTS	-	648,973	-	-	-
38	TRANSFERS AND ADJUSTMENTS	-	4,737-	-	-	-
39	END OF YEAR	$ 7,712,309	$ 5,597,944	$ 4,833,740	$ 3,987,396	$ 3,612,525

SHOREWOOD WATER CORP
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000	1
PREFERRED CAPITAL STOCK	-	-	-	-	-	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	-	-	-	-	-	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	-	-	-	-	-	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	212,792	469,551	256,778	193,101	153,153	9
REACQUIRED CAPITAL STOCK	-	-	-	-	-	10
TOTAL PROPRIETARY CAPITAL	224,792	481,551	268,778	205,101	165,153	11
BONDS (LESS BONDS REACQUIRED)	1,900,000	-	-	-	-	12
ADVANCES FROM ASSOCIATED COMPANIES	392,852	380,443	369,426	359,590	350,808	13
OTHER LONG TERM DEBT	165,669	58,500	106,782	106,782	203,759	14
NET UNAMORTIZED DEBT PREMIUM - DISCOUNT	-	-	-	-	-	15
TOTAL LONG TERM DEBT	2,458,521	438,943	476,209	466,373	554,567	16
NOTES AND ACCOUNTS PAYABLE	223,819	114,003	335,155	134,021	78,766	17
PAYABLES TO ASSOCIATED COMPANIES	-	-	-	-	-	18
CUSTOMERS' DEPOSITS	-	-	-	-	-	19
TAXES ACCRUED	420,449	27,994	26,306	22,805	11,023	20
OTHER CURRENT AND ACCRUED LIABILITIES	171,339	116,942	107,576	74,764	65,707	21
TOTAL CURRENT AND ACCRUED LIABILITIES	815,607	258,941	469,039	231,592	155,498	22
CUSTOMER ADVANCES FOR CONSTRUCTION	4,421,580	3,893,531	3,162,216	2,520,125	2,257,729	23
ACCUM. DEFERRED INVESTMENT TAX CREDITS	302,100	-	-	-	-	24
OTHER DEFERRED CREDITS	482,810	32,323	28,150	27,067	31,247	25
ACCUMULATED DEFERRED INCOME TAXES						
ACCELERATED AMORIZATION	-	-	-	-	-	26
LIBERALIZED DEPRECIATION	-	-	-	-	-	27
OTHER	-	-	-	-	-	28
TOTAL DEFERRED CREDITS	5,206,490	3,925,854	3,190,366	2,547,192	2,288,977	29
OPERATING RESERVES	-	-	-	-	-	30
TOTAL LIABILITIES AND OTHER CREDITS	$ 8,705,410	$ 5,105,290	$ 4,404,394	$ 3,450,260	$ 3,164,196	31
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS / CURRENT LIABILITIES	2.44	0.89	0.57	0.33	0.65	32
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	91.6	47.6	63.9	69.4	77.0	33
PREFERRED STOCK	-	-	-	-	-	34
COMMON STOCK & OTHER PAID-IN CAPITAL	0.4	1.3	1.6	1.7	1.6	35
RETAINED EARNINGS	7.9	51.0	34.4	28.7	21.2	36
LONG-TERM DEBT % OF GROSS WATER PLANT	31.6	7.7	9.8	11.6	15.2	37
ACCUM. PROV. FOR DEPR. & AMORT. % OF WATER PLANT	-	13.8	14.4	15.6	15.5	38

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SHOREWOOD WATER CORP
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	SOURCE OF FUNDS					
	INTERNAL					
1	NET INCOME	$ 189,628	$ 192,935	$ 63,677	$ 39,948	$ 129,670
2	DEPRECIATION AND AMORTIZATIION	102,554	84,243	73,110	63,818	58,301
3	DEFERRED INCOME TAXES (NET)	170,460	-	-	-	-
4	INTEREST CAPITALIZED	-	7,663-	-	-	-
5	OTHER (NET)	161,335-	5,616	1,048	-	8,165
6	SUBTOTAL	301,307	275,131	137,836	103,766	196,138
7	EXTRAORDINARY ITEMS	-	19,837	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	301,307	294,968	137,836	103,766	196,138
9	LESS DIVIDENDS PREFERRED	-	-	-	-	-
10	COMMON	-	-	-	-	-
11	NET FUNDS - INTERNAL SOURCES	301,307	294,968	137,836	103,766	196,138
	EXTERNAL					
12	LONG TERM DEBT	2,007,169	-	-	-	23,133
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	556,665	-	-	-	-
16	OTHER (NET)	990,945	-	661,925	271,178	269,136
17	TOTAL FUNDS - EXTERNAL SOURCES	3,554,779	-	661,926	271,178	292,270
	OTHER SOURCES					
18	NET DECREASE IN WORKING CAPITAL	-	-	47,172	101,382	-
19	OTHER	-	762,331	-	-	-
20	TOTAL FUNDS PROVIDED	$ 3,856,086	$ 1,057,299	$ 836,935	$ 476,327	$ 488,408
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
21	WATER PLANT	$ 2,098,106	$ 821,131	$ 836,935	$ 375,097	$ 357,141
22	NON-UTILITY PLANT	-	-	-	-	-
23	OTHER	-	-	-	-	-
24	TOTAL CONSTRUCTION	2,098,106	821,131	836,935	375,097	357,141
25	LESS INTEREST CAPITALIZED	-	7,663	-	-	-
26	TOTAL EXCLUDING INTEREST CAPITALIZED	2,098,106	813,468	836,935	375,097	357,141
	RETIREMENT OF SECURITIES					
27	LONG TERM DEBT	-	48,281	-	96,976	-
28	PREFERRED STOCK	-	-	-	-	-
29	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
30	NET DECREASE IN SHORT TERM DEBT	-	-	-	-	-
31	OTHER (NET)	-	-	-	-	-
32	TOTAL RETIREMENT OF SECURITIES	-	48,281	-	96,976	-
	OTHER USES					
33	NET INCREASE IN WORKING CAPITAL	1,757,980	195,550	-	-	-
34	OTHER	-	-	-	4,254	131,266
35	TOTAL FUNDS APPLIED	$ 3,856,086	$ 1,057,299	$ 836,935	$ 476,327	$ 488,408

SHOREWOOD WATER CORP.
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
WATER OPERATING INCOME:						
OPERATING REVENUES	$ 984,408	$ 708,339	$ 553,652	$ 559,872	$ 571,523	1
OPERATION AND MAINTENANCE EXPENSE	490,947	391,456	389,649	354,321	291,382	2
DEPRECIATION	102,554	84,243	73,110	63,818	58,301	3
AMORTIZATION	-	-	-	-	-	4
TAXES OTHER THAN INCOME TAXES	117,495	89,825	88,129	88,284	80,745	5
INCOME TAXES	104,413	-	-	2,160	-	6
TOTAL OPERATING EXPENSES	815,409	565,525	550,890	508,585	430,430	7
NET OPERATING REVENUES	168,999	142,814	2,762	51,286	141,092	8
INC. - LEASED PLANT	-	421	-	-	3,625	9
TOTAL WATER OPERATING INCOME	168,999	143,235	2,762	51,286	144,717	10
OTHER INCOME:						
MERCH., JOBBING, & CONTRACT WORK	33,786	68,831	96,313	30,328	27,887	11
INCOME FROM NONUTILITY OPERATIONS	-	-	-	-	-	12
NONOPERATING RENTAL INCOME	-	-	-	-	-	13
INTEREST AND DIVIDEND INCOME	9,816	2,852	384	1,807	537	14
ALLOWANCE FOR CONSTRUCTION FUNDS	-	7,663	-	-	-	15
MISCELLANEOUS NONOPERATING INCOME	3,097	-	1,965	374	359	16
GAIN ON DISPOSITION OF PROPERTY	-	-	-	-	-	17
TOTAL OTHER INCOME	46,699	79,348	98,663	32,509	28,783	18
TOTAL INCOME	215,698	222,583	101,425	83,795	173,500	19
OTHER INCOME DEDUCTIONS						
LOSS ON DISPOSITION OF PROPERTY	-	-	-	-	-	20
MISCELLANEOUS AMORTIZATION	-	-	-	-	-	21
MISCELLANEOUS DEDUCTIONS	-	-	-	-	-	22
TAXES OTHER THAN INC. TAXES-NONOPERATING	-	-	-	-	-	23
INCOME TAXES-NONOPERATING	3,452	-	-	-	-	24
TOTAL INCOME DEDUCTIONS	3,452	-	-	-	-	25
INCOME BEFORE INTEREST CHARGES	212,246	222,583	101,425	83,795	173,500	26
INTEREST CHARGES:						
INTEREST ON LONG-TERM DEBT	-	11,470	14,143	22,630	23,445	27
AMORT. OF DEBT DISCOUNT EXPENSE	1,016	-	-	-	-	28
AMORT. OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	29
INTEREST ON DEBT TO ASSOCIATED COMPANIES	12,409	11,016	9,835	8,782	7,841	30
OTHER INTEREST CHARGES	9,193	7,162	13,769	12,435	12,544	31
TOTAL INTEREST CHARGES	22,618	29,648	37,749	43,848	43,830	33
EXTRAORDINARY ITEMS - NET	-	19,837	-	-	-	33
NET INCOME	$ 189,628	$ 212,772	$ 63,677	$ 39,948	$ 129,670	34
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 469,551	$ 256,778	$ 193,101	$ 153,153	$ 23,483	35
TRANSFERRED FROM INCOME	189,628	212,772	63,677	39,948	129,670	36
APPROPRIATIONS	-	-	-	-	-	37
DIVIDENDS DECLARED-PREFERRED STOCK	-	-	-	-	-	38
-COMMON STOCK	-	-	-	-	-	39
ADJUSTMENTS	446,388-	-	-	-	-	40
BALANCE END OF YEAR	212,792	469,551	256,778	193,101	153,153	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 212,792	$ 469,551	$ 256,778	$ 193,101	$ 153,153	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME - % OF OPERATING REVENUES	19.2	30.0	11.5	7.1	22.6	45
PRETAX COVERAGE OF INTEREST EXPENSE	14.2	7.5	2.7	2.0	4.0	44
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	-	-	-	-	-	46
RETURN ON COMMON EQUITY	53.6	56.7	26.8	21.5	129.2	47

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SHOREWOOD WATER CORP
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	WATER OPERATING REVENUES					
	REVENUES					
1	METERED SALES TO GENERAL CUSTOMERS	$ 861,310	$ 611,493	$ 486,589	$ 483,078	$ 495,133
2	UNMETERED SALES TO GENERAL CUSTOMERS	-	-	-	-	-
3	SALES TO OTHER WATER COMPANIES	-	-	-	-	-
4	OTHER SALES OF WATER	112,528	92,820	64,438	74,692	72,902
5	TOTAL REVENUES FROM SALES OF WATER	973,838	704,314	551,029	557,772	568,037
6	OTHER WATER OPERATING REVENUES	10,570	4,025	2,623	2,100	3,486
7	TOTAL WATER OPERATING REVENUES	$ 984,408	$ 708,339	$ 553,652	$ 559,872	$ 571,523
	WATER SALES (T GALLONS)					
8	METERED SALES TO GENERAL CUSTOMERS	423,861	553,196	438,470	490,914	470,484
9	UNMETERED SALES TO GENERAL CUSTOMERS	-	-	-	-	-
10	SALES TO OTHER WATER COMPANIES	-	-	-	-	-
11	OTHER SALES OF WATER	126,137	56,929	61,126	58,491	68,760
12	TOTAL SALES OF WATER	549,998	610,125	499,596	549,405	539,244
	AVERAGE CUSTOMERS PER MONTH					
13	METERED SALES TO GENERAL CUSTOMERS	4,477	4,197	4,100	3,827	3,699
14	UNMETERED SALES TO GENERAL CUSTOMERS	-	-	-	-	-
15	SALES TO OTHER WATER COMPANIES	-	-	-	-	-
16	OTHER SALES OF WATER	87	76	60	60	329
17	TOTAL CUSTOMERS	4,564	4,273	4,160	3,887	4,028
	WATER OPERATING REVENUE RELATIONSHIPS					
	METERED GENERAL CUSTOMERS					
18	AVG ANNUAL BILL PER CUSTOMER	$ 192.38	$ 145.69	$ 118.68	$ 126.22	$ 133.85
19	AVG CONSUMPTION PER CUSTOMER (T GAL)	94.67	131.80	106.94	128.27	127.19
20	AVG REVENUE PER T GALLONS SOLD (CENTS)	203.21	110.54	110.97	98.40	105.24
	UNMETERED GENERAL CUSTOMERS					
21	AVG ANNUAL BILL PER CUSTOMER	-	-	-	-	-
22	AVG CONSUMPTION PER CUSTOMER (T GAL)	-	-	-	-	-
23	AVG REVENUE PER T GALLONS SOLD(CENTS)	-	-	-	-	-
	WATER OPERATION AND MAINTENANCE EXPENSES					
24	SOURCE OF SUPPLY	-	$ 157	$ 23	-	-
25	POWER AND PUMPING	114,510	92,387	115,163	103,452	93,192
26	PURIFICATION	6,472	6,701	7,500	9,132	7,957
27	TRANSMISSION AND DISTRIBUTION	71,154	45,523	59,497	47,149	39,572
28	CUSTOMERS ACCT G & COLLECTING	27,473	16,516	16,779	14,035	9,280
29	ADMINISTRATIVE & GENERAL	271,338	230,171	190,687	180,553	141,381
30	TOTAL WATER O & M EXPENSES	$ 490,947	$ 391,456	$ 389,649	$ 354,322	$ 291,383

SHOREWOOD WATER CORP
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM		1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS							
WATER OPERATING INCOME							
OPERATING REVENUES	$	984,408 $	708,339 $	553,652 $	553,872 $	571,523	1
OPERATION AND MAINTENANCE EXPENSE		490,947	391,456	389,649	354,321	291,382	2
DEPRECIATION		102,554	84,243	73,110	63,818	58,301	3
AMORTIZATION		-	-	-	-	-	4
TAXES OTHER THAN INCOME TAXES		117,495	89,825	88,129	88,284	80,745	5
INCOME TAXES		104,413	-	-	2,160	-	6
TOTAL OPERATING EXPENSES		815,409	565,525	550,890	508,585	430,430	7
NET OPERATING REVENUES		168,999	142,814	2,762	51,286	141,092	8
INC. - LEASED PLANT		-	421	-	-	3,625	9
TOTAL WATER OPERATING INCOME		168,999	143,235	2,762	51,286	144,717	10
OTHER INCOME							
MERCH., JOBBING, & CONTRACT WORK		33,786	68,831	96,313	30,328	27,887	11
INCOME FROM NONUTILITY OPERATIONS		-	-	-	-	-	12
NONOPERATING RENTAL INCOME		-	-	-	-	-	13
INTEREST AND DIVIDEND INCOME		9,816	2,852	384	1,807	537	14
ALLOWANCE FOR CONSTRUCTION FUNDS		-	7,663	-	-	-	15
MISCELLANEOUS NONOPERATING INCOME		3,097	-	1,965	374	359	16
GAIN ON DISPOSITION OF PROPERTY		-	-	-	-	-	17
TOTAL OTHER INCOME		46,699	79,348	98,663	32,509	28,783	18
TOTAL INCOME		215,698	222,583	101,425	83,795	173,500	19
OTHER INCOME DEDUCTIONS							
LOSS ON DISPOSITION OF PROPERTY		-	-	-	-	-	20
MISCELLANEOUS AMORTIZATION		-	-	-	-	-	21
MISCELLANEOUS DEDUCTIONS		-	-	-	-	-	22
TAXES OTHER THAN INC. TAXES-NONOPERATING		-	-	-	-	-	23
INCOME TAXES-NONOPERATING		3,452	-	-	-	-	24
TOTAL INCOME DEDUCTIONS		3,452	-	-	-	-	25
INCOME BEFORE INTEREST CHARGES		212,246	222,583	101,425	83,795	173,500	26
INTEREST CHARGES							
INTEREST ON LONG-TERM DEBT		-	11,470	14,143	22,630	23,445	27
AMORT. OF DEBT DISCOUNT EXPENSE		1,016	-	-	-	-	28
AMORT. OF PREMIUM ON DEBT-CREDIT		-	-	-	-	-	29
INTEREST ON DEBT TO ASSOCIATED COMPANIES		12,409	11,016	9,835	8,782	7,841	30
OTHER INTEREST CHARGES		9,193	7,162	13,769	12,435	12,544	31
TOTAL INTEREST CHARGES		22,618	29,648	37,749	43,848	43,830	33
EXTRAORDINARY ITEMS - NET		-	19,837	-	-	-	33
NET INCOME	$	189,628 $	212,772 $	63,677 $	39,948 $	129,670	34
RETAINED EARNINGS							
BEGINNING OF YEAR	$	469,551 $	256,778 $	193,101 $	153,153 $	23,483	35
TRANSFERRED FROM INCOME		189,628	212,772	63,677	39,948	129,670	36
APPROPRIATIONS		-	-	-	-	-	37
DIVIDENDS DECLARED-PREFERRED STOCK		-	-	-	-	-	38
-COMMON STOCK		-	-	-	-	-	39
ADJUSTMENTS		446,388-	-	-	-	-	40
BALANCE END OF YEAR		212,792	469,551	256,778	193,101	153,153	41
APPROPRIATED RETAINED EARNINGS		-	-	-	-	-	42
TOTAL END OF YEAR	$	212,792 $	469,551 $	256,778 $	193,101 $	153,153	43
SELECTED INCOME ACCOUNT RELATIONSHIPS							
NET INCOME - % OF OPERATING REVENUES		19.2	30.0	11.5	7.1	22.6	45
PRETAX COVERAGE OF INTEREST EXPENSE		14.2	7.5	2.7	2.0	4.0	44
COMMON STOCK DIVIDENDS AS A % OF EARNINGS		-	-	-	-	-	46
RETURN ON COMMON EQUITY		53.6	56.7	26.8	21.5	129.2	47

SHOREWOOD WATER CORP
DISTRIBUTION OF WATER REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
REVENUES	$ 984,408	$ 708,339	$ 553,652	$ 559,872	$ 571,523	1
SALES (THOUSAND GALLONS)	549,998	610,125	499,596	549,405	539,244	2
		DOLLAR AMOUNTS				
PURCHASED WATER, FUEL, OR POWER FOR PUMPING & CHEMICALS	$ 86,033	$ 74,500	$ 93,515	$ 89,875	$ 79,057	3
WAGES AND BENEFITS	191,287	17,980	197,079	126,232	8,831	4
OTHER OPERATION AND MAINTENANCE EXPENSES	211,627	298,555	99,055	138,215	199,870	5
DEPRECIATION AND MAINTENANCE EXPENSES	102,554	84,243	73,110	63,818	58,301	6
INCOME TAXES - OPERATING	104,413	-	-	2,160	-	7
OTHER TAXES - OPERATING	117,495	89,825	88,129	88,284	80,745	8
INTEREST CHARGES*	22,618	28,945	35,784	43,848	43,830	9
PREFERRED DIVIDENDS*	-	-	-	-	-	10
EARNINGS AVAILABLE FOR COMMON EQUITY	146,381	114,290	33,022-	7,438	100,887	11
TOTAL	$ 984,408	$ 708,339	$ 553,652	$ 559,872	$ 571,523	12
		PERCENT OF REVENUES				
PURCHASED WATER, FUEL OR POWER FOR PUMPING & CHEMICALS	8.9	10.5	16.9	16.1	13.8	13
WAGES AND BENEFITS	19.4	2.5	35.6	22.5	1.5	14
OTHER OPERATION AND MAINTENANCE EXPENSES	21.5	42.1	17.9	24.7	35.0	15
DEPRECIATION AND AMORTIZATION EXPENSES	10.4	11.9	13.2	11.4	10.2	16
INCOME TAXES - OPERATING	10.6	-	-	0.4	-	17
OTHER TAXES - OPERATING	11.9	12.7	15.9	15.8	14.1	18
INTEREST CHARGES*	2.3	4.1	6.5	7.8	7.7	19
PREFERRED DIVIDENDS*	-	-	-	-	-	20
EARNINGS AVAILABLE FOR COMMON EQUITY	14.9	16.1	5.9-	1.3	17.7	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
		CENTS PER THOUSAND GALLONS SOLD				
PURCHASED WATER, FUEL OR POWER FOR PUMPING & CHEMICALS	16.01	12.21	18.72	16.36	14.66	23
WAGES AND BENEFITS	34.78	2.95	39.45	22.98	1.64	24
OTHER OPERATION AND MAINTENANC EXPENSES	38.48	48.93	19.83	25.16	37.06	25
DEPRECIATION AND AMORTIZATION EXPENSES	18.65	13.81	14.63	11.62	10.81	26
INCOME TAXES - OPERATING	18.98	-	-	0.39	-	27
OTHER TAXES - OPERATING	21.36	14.72	17.64	16.07	14.97	28
INTEREST CHARGES*	4.11	4.74	7.16	7.98	8.13	29
PREFERRED DIVIDENDS*	-	-	-	-	-	30
EARNINGS AVAILABLE FOR COMMON EQUITY	26.61	18.73	6.60-	1.35	18.71	31
TOTAL	178.98	116.10	110.82	101.91	105.93	32

*NET OF AFC

SPRING VALLEY WATER COMPANY, INCORPORATED
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF UTILITY PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO.	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	WATER PLANT	$ 106,324,970	$ 100,685,713	$ 96,256,425	$ 91,768,225	$ 85,649,192
2	ACCUM. PROV. FOR DEPR. & AMORT	19,520,458	18,257,860	17,047,688	15,550,491	14,422,045
3	NET WATER PLANT	86,804,512	82,427,853	79,208,737	76,217,734	71,227,147
4	OTHER PHYSICAL PROPERTY	662	662	662	662	662
5	INVESTMENTS IN ASSOCIATED COMPANIES	-	-	-	-	-
6	OTHER INVESTMENTS AND FUNDS	-	-	-	-	-
7	TOTAL INVESTMENT AND FUND ACCOUNTS	662	662	662	662	662
8	CASH AND WORKING FUNDS	761,908	634,861	790,434	593,881	343,416
9	SPECIAL DEPOSITS	2,015	2,015	2,015	2,015	1,640
10	TEMPORARY CASH INVESTMENTS	-	500,000	-	400,000	-
11	NOTES & ACCTS. RECEIVABLE LESS ACCUM PROV. FOR UNCOLLECTIBLE ACCOUNTS	2,857,531	2,993,620	3,095,910	3,470,874	3,108,302
12	RECEIVABLES - ASSOCIATED COMPANIES	119,556	158,945	254,158	102,961	73,731
13	MATERIALS AND SUPPLIES	1,309,903	814,969	1,024,303	756,607	556,088
14	PREPAYMENTS	2,074,273	1,936,026	1,837,975	1,752,782	1,833,224
15	OTHER CURRENT AND ACCRUED ASSETS	9,831	6,761	4,410	-	-
16	TOTAL CURRENT AND ACCRUED ASSETS	7,135,017	7,047,197	7,009,205	7,079,120	5,916,401
17	UNAMORTIZED DEBT EXPENSE	929,522	996,738	1,065,363	1,264,010	1,255,992
18	EXTRAORDINARY PROPERTY LOSSES	-	-	-	-	-
19	PREL. SURVEY & INVESTIGATION CHARGES	-	-	-	-	-
20	CLEARING ACCOUNTS	1,319	4,558	40,667	13,203	24,806
21	ACCUM. DEFERRED INCOME TAXES	-	-	-	-	-
22	OTHER DEFERRED DEBITS	163,811	433,628	470,591	590,549	907,323
23	TOTAL DEFERRED DEBITS	1,094,652	1,434,924	1,576,621	1,867,762	2,188,121
24	TOTAL ASSETS AND OTHER DEBITS	$ 95,034,843	$ 90,910,636	$ 87,795,225	$ 85,165,278	$ 79,332,331
	WATER UTILITY PLANT					
25	PLANT IN SERVICE	$ 100,057,177	$ 94,103,231	$ 91,294,083	$ 87,326,465	$ 79,944,590
26	PLANT LEASED TO OTHERS	-	-	-	-	-
27	CONSTRUCTION WORK IN PROGRESS	5,876,504	6,164,829	4,544,689	3,842,567	5,105,409
28	PLANT HELD FOR FUTURE USE	78,587	104,951	104,951	104,951	104,951
29	PLANT ACQUISITION ADJUSTMENTS	550,214	550,214	550,214	550,214	550,214
30	OTHER PLANT ADJUSTMENTS	-	-	-	-	-
31	ACCUM. GAINS & LOSSES FROM DISP OF UTILITY LAND & LAND RIGHTS	237,512-	237,512-	237,512-	55,972-	55,972-
32	TOTAL WATER UTILITY PLANT	106,324,970	100,685,713	96,256,425	91,768,225	85,649,192
33	ACCUM. PROV. FOR DEPR. & AMORT	19,520,458	18,257,860	17,047,688	15,550,491	14,422,045
34	NET WATER UTILITY PLANT	$ 86,804,512	$ 82,427,853	$ 79,208,737	$ 76,217,734	$ 71,227,147
	PLANT IN SERVICE					
35	BEGINNING OF YEAR	$ 94,103,231	$ 91,294,083	$ 87,326,465	$ 79,944,590	$ 77,886,498
36	ADDITIONS	6,343,673	3,267,652	4,150,476	7,661,041	2,131,467
37	RETIREMENTS	311,440	420,129	79,831	99,485	44,568
38	TRANSFERS AND ADJUSTMENTS	78,287-	38,375-	103,027-	179,681-	28,807-
39	END OF YEAR	$ 100,057,177	$ 94,103,231	$ 91,294,083	$ 87,326,465	$ 79,944,590

SPRING VALLEY WATER COMPANY, INCORPORATED
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
LIABILITIES AND OTHER CREDITS						
COMMON CAPITAL STOCK	$ 13,856,490	$ 13,856,490	$ 13,856,490	$ 13,856,490	$ 13,856,490	1
PREFERRED CAPITAL STOCK	4,618,400	5,256,000	5,893,600	6,312,400	6,531,200	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	286,958	286,958	286,958	286,958	286,958	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	259,124	259,124	259,124	259,124	259,124	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	19,111,435	17,448,526	15,545,947	13,878,808	11,904,402	9
REACQUIRED CAPITAL STOCK	-	-	-	-	-	10
TOTAL PROPRIETARY CAPITAL	38,132,407	37,107,098	35,642,119	34,593,780	32,838,174	11
BONDS (LESS BONDS REACQUIRED)	16,700,000	17,000,000	19,300,000	19,600,000	19,900,000	12
ADVANCES FROM ASSOCIATED COMPANIES	-	-	-	-	-	13
OTHER LONG TERM DEBT	18,600,000	19,040,000	19,480,000	17,120,000	12,260,000	14
NET UNAMORTIZED DEBT PREMIUM - DISCOUNT	-	-	-	-	-	15
TOTAL LONG TERM DEBT	35,300,000	36,040,000	38,780,000	36,720,000	32,160,000	16
NOTES AND ACCOUNTS PAYABLE	1,590,484	1,453,192	1,211,938	1,527,820	1,238,534	17
PAYABLES TO ASSOCIATED COMPANIES	7,202,475	5,309,573	90,459	4,149,801	6,853,497	18
CUSTOMERS' DEPOSITS	190,962	163,265	193,455	189,532	180,855	19
TAXES ACCRUED	1,082,299	360,692	3,104,641	436,582	110,254	20
OTHER CURRENT AND ACCRUED LIABILITIES	843,912	860,449	835,451	945,129	609,785	21
TOTAL CURRENT AND ACCRUED LIABILITIES	10,910,132	8,147,171	5,435,954	7,248,864	8,992,925	22
CUSTOMER ADVANCES FOR CONSTRUCTION	6,633,301	5,185,871	3,506,444	2,890,914	2,319,100	23
ACCUM. DEFERRED INVESTMENT TAX CREDITS	1,310,600	1,337,600	1,364,600	1,009,000	352,000	24
OTHER DEFERRED CREDITS	1,073,024	489,516	684,528	879,540	1,074,552	25
ACCUMULATED DEFERRED INCOME TAXES						
ACCELERATED AMORIZATION	229,914	238,914	247,914	256,914	265,914	26
LIBERALIZED DEPRECIATION	3,114,165	2,554,966	2,059,966	1,695,966	1,315,966	27
OTHER	1,668,700-	190,500-	125,300-	129,700-	13,700	28
TOTAL DEFERRED CREDITS	10,692,304	9,616,367	7,737,152	6,602,634	5,341,232	29
OPERATING RESERVES	-	-	-	-	-	30
TOTAL LIABILITIES AND OTHER CREDITS	$ 95,034,843	$ 90,910,636	$ 87,795,225	$ 85,165,278	$ 79,332,331	31
SELECTED BALANCE SHEET RELATIONSHIPS						
CURRENT ASSETS / CURRENT LIABILITIES	0.65	0.86	1.29	0.98	0.66	32
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	48.0	49.2	51.9	51.4	49.4	33
PREFERRED STOCK	6.2	7.1	7.8	8.8	10.0	34
COMMON STOCK & OTHER PAID-IN CAPITAL	19.6	19.6	19.3	20.1	22.1	35
RETAINED EARNINGS	26.0	23.8	20.8	19.4	18.3	36
LONG-TERM DEBT % OF GROSS WATER PLANT	33.2	35.7	40.2	40.0	37.5	37
ACCUM. PROV. FOR DEPR. & AMORT. % OF WATER PLANT	18.3	18.1	17.7	16.9	16.8	38

SPRING VALLEY WATER COMPANY, INCORPORATED
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	SOURCE OF FUNDS					
	INTERNAL					
1	NET INCOME	$ 5,386,657	$ 5,528,391	$ 5,352,252	$ 5,130,640	$ 3,842,142
2	DEPRECIATION AND AMORTIZATIION	1,677,372	1,612,715	1,522,984	1,223,192	1,172,944
3	DEFERRED INCOME TAXES (NET)	955,000-	394,800	714,000	884,600	370,600
4	INTEREST CAPITALIZED	582,428-	472,200-	430,340-	693,938-	307,082-
5	OTHER (NET)	-	-	-	-	-
6	SUBTOTAL	5,526,601	7,063,706	7,158,896	6,544,494	5,078,604
7	EXTRAORDINARY ITEMS	-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	5,526,601	7,063,706	7,158,896	6,544,494	5,078,604
9	LESS DIVIDENDS PREFERRED	488,497	579,295	639,552	687,868	724,517
10	COMMON	3,235,252	3,046,517	3,045,561	2,468,366	2,322,157
11	NET FUNDS - INTERNAL SOURCES	1,802,852	3,437,894	3,473,783	3,388,260	2,031,930
	EXTERNAL					
12	LONG TERM DEBT	-	-	2,800,000	5,300,000	-
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	1,015,917
15	NET INCREASE IN SHORT TERM DEBT	-	-	-	-	-
16	OTHER (NET)	5,247,430	4,879,427	-	-	2,999,793
17	TOTAL FUNDS - EXTERNAL SOURCES	5,247,430	4,879,427	2,800,000	5,300,000	4,015,710
	OTHER SOURCES					
18	NET DECREASE IN WORKING CAPITAL	621,304	-	2,157,005	-	-
19	OTHER	-	-	765,703	709,918	261,345
20	TOTAL FUNDS PROVIDED	$ 7,671,586	$ 8,317,321	$ 9,196,491	$ 9,398,178	$ 6,308,985
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
21	WATER PLANT	$ 5,717,544	$ 4,849,288	$ 4,568,031	$ 6,218,518	$ 4,007,426
22	NON-UTILITY PLANT	-	-	-	-	-
23	OTHER	-	-	-	-	-
24	TOTAL CONSTRUCTION	5,717,544	4,849,288	4,568,031	6,218,518	4,007,426
25	LESS INTEREST CAPITALIZED	582,428	472,200	430,340	693,938	307,082
26	TOTAL EXCLUDING INTEREST CAPITALIZED	5,135,116	4,377,088	4,137,691	5,524,580	3,700,344
	RETIREMENT OF SECURITIES					
27	LONG TERM DEBT	740,000	2,740,000	740,000	740,000	740,000
28	PREFERRED STOCK	637,600	637,600	418,800	218,800	218,800
29	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
30	NET DECREASE IN SHORT TERM DEBT	-	-	-	-	-
31	OTHER (NET)	-	-	3,900,000	2,808,018	717,941
32	TOTAL RETIREMENT OF SECURITIES	1,377,600	3,377,600	5,058,800	3,766,818	1,676,741
	OTHER USES					
33	NET INCREASE IN WORKING CAPITAL	1,158,870	526,775	-	106,780	931,900
34	OTHER	-	35,858	-	-	-
35	TOTAL FUNDS APPLIED	$ 7,671,586	$ 8,317,321	$ 9,196,491	$ 9,398,178	$ 6,308,985

SPRING VALLEY WATER COMPANY, INCORPORATED
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
WATER OPERATING INCOME						
OPERATING REVENUES	$ 31,283,797	$ 30,244,321	$ 29,094,904	$ 28,608,257	$ 25,252,608	1
OPERATION AND MAINTENANCE EXPENSE	10,518,097	9,875,021	9,202,727	9,619,268	8,902,934	2
DEPRECIATION	1,610,156	1,544,091	1,453,862	1,151,851	1,101,154	3
AMORTIZATION	-	-	-	-	-	4
TAXES OTHER THAN INCOME TAXES	7,384,322	6,804,329	6,913,069	7,157,331	6,591,578	5
INCOME TAXES	3,713,000	3,872,800	3,450,000	3,127,600	2,225,600	6
TOTAL OPERATING EXPENSES	23,225,575	22,096,241	21,019,658	21,056,050	18,821,266	7
NET OPERATING REVENUES	8,058,222	8,148,080	8,075,246	7,552,207	6,431,342	8
INC. - LEASED PLANT	-	-	-	-	-	9
TOTAL WATER OPERATING INCOME	8,058,222	8,148,080	8,075,246	7,552,207	6,431,342	10
OTHER INCOME						
MERCH., JOBBING, & CONTRACT WORK	-	-	-	-	-	11
INCOME FROM NONUTILITY OPERATIONS	-	-	-	-	-	12
NONOPERATING RENTAL INCOME	-	-	-	-	-	13
INTEREST AND DIVIDEND INCOME	5,746	41,718	85,632	35,433	54,866	14
ALLOWANCE FOR CONSTRUCTION FUNDS	582,428	472,200	430,340	693,938	307,082	15
MISCELLANEOUS NONOPERATING INCOME	19,501	19,501	19,501	22,775	34,391	16
GAIN ON DISPOSITION OF PROPERTY	-	-	-	-	-	17
TOTAL OTHER INCOME	607,675	533,419	535,473	752,146	396,339	18
TOTAL INCOME	8,665,897	8,681,499	8,610,719	8,304,353	6,827,681	19
OTHER INCOME DEDUCTIONS						
LOSS ON DISPOSITION OF PROPERTY	-	-	-	-	-	20
MISCELLANEOUS AMORTIZATION	-	-	-	-	-	21
MISCELLANEOUS DEDUCTIONS	21,500	28,029	12,623	9,705	10,565	22
TAXES OTHER THAN INC. TAXES-NONOPERATING	-	8,393	8,982	8,440	8,292	23
INCOME TAXES-NONOPERATING	-	-	-	-	-	24
TOTAL INCOME DEDUCTIONS	21,500	36,422	21,605	18,145	18,857	25
INCOME BEFORE INTEREST CHARGES	8,644,397	8,645,077	8,589,114	8,286,208	6,808,824	26
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	2,810,394	2,935,107	2,921,463	2,457,334	2,108,869	27
AMORT. OF DEBT DISCOUNT EXPENSE	67,216	68,625	69,122	71,341	71,790	28
AMORT. OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	29
INTEREST ON DEBT TO ASSOCIATED COMPANIES	366,358	95,294	224,017	605,520	763,199	30
OTHER INTEREST CHARGES	13,772	17,660	22,260	21,373	22,824	31
TOTAL INTEREST CHARGES	3,257,740	3,116,686	3,236,862	3,155,568	2,966,682	33
EXTRAORDINARY ITEMS - NET	-	-	-	-	-	33
NET INCOME	$ 5,386,657	$ 5,528,391	$ 5,352,252	$ 5,130,640	$ 3,842,142	34
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 17,448,526	$ 15,545,947	$ 13,878,808	$ 11,904,402	$ 11,108,934	35
TRANSFERRED FROM INCOME	5,386,657	5,528,391	5,352,252	5,130,640	3,842,142	36
APPROPRIATIONS	-	-	-	-	-	37
DIVIDENDS DECLARED-PREFERRED STOCK	488,496	579,295	639,552	687,868	724,517	38
-COMMON STOCK	3,235,252	3,046,517	3,045,561	2,468,366	2,322,157	39
ADJUSTMENTS	-	-	-	-	-	40
BALANCE END OF YEAR	19,111,435	17,448,526	15,545,947	13,878,808	11,904,402	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 19,111,435	$ 17,448,526	$ 15,545,947	$ 13,878,808	$ 11,904,402	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME - % OF OPERATING REVENUES	17.2	18.2	18.3	17.9	15.2	45
PRETAX COVERAGE OF INTEREST EXPENSE	3.8	4.0	3.7	3.6	3.0	44
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	66.0	61.5	64.6	55.5	74.4	46
RETURN ON COMMON EQUITY	14.9	16.0	16.1	16.2	12.2	47

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SPRING VALLEY WATER COMPANY, INCORPORATED
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	WATER OPERATING REVENUES					
	REVENUES					
1	METERED SALES TO GENERAL CUSTOMERS	$ 27,025,777	$ 25,955,633	$ 24,609,170	$ 24,916,218	$ 21,877,472
2	UNMETERED SALES TO GENERAL CUSTOMERS	-	-	-	-	-
3	SALES TO OTHER WATER COMPANIES	30,657	30,625	23,053	28,870	29,473
4	OTHER SALES OF WATER	4,164,602	4,130,927	4,334,868	3,585,675	3,293,042
5	TOTAL REVENUES FROM SALES OF WATER	31,221,036	30,117,185	28,967,091	28,530,763	25,199,987
6	OTHER WATER OPERATING REVENUES	62,761	127,136	127,813	77,494	52,621
7	TOTAL WATER OPERATING REVENUES	$ 31,283,797	$ 30,244,321	$ 29,094,904	$ 28,608,257	$ 25,252,608
	WATER SALES (T GALLONS)					
8	METERED SALES TO GENERAL CUSTOMERS	7,648,220	7,571,262	7,103,901	7,483,287	7,283,837
9	UNMETERED SALES TO GENERAL CUSTOMERS	-	-	-	-	-
10	SALES TO OTHER WATER COMPANIES	17,238	17,300	12,520	16,304	19,020
11	OTHER SALES OF WATER	41,523	44,555	28,352	39,339	35,651
12	TOTAL SALES OF WATER	7,706,981	7,633,117	7,144,773	7,538,930	7,338,508
	AVERAGE CUSTOMERS PER MONTH					
13	METERED SALES TO GENERAL CUSTOMERS	54,038	53,237	52,448	51,150	50,269
14	UNMETERED SALES TO GENERAL CUSTOMERS	-	-	-	-	-
15	SALES TO OTHER WATER COMPANIES	1	1	1	1	1
16	OTHER SALES OF WATER	555	523	492	467	461
17	TOTAL CUSTOMERS	54,594	53,761	52,941	51,618	50,731
	WATER OPERATING REVENUE RELATIONSHIPS					
	METERED GENERAL CUSTOMERS					
18	AVG. ANNUAL BILL PER CUSTOMER	$ 500.12	$ 487.54	$ 469.21	$ 487.12	$ 435.20
19	AVG. CONSUMPTION PER CUSTOMER (T. GAL)	141.53	142.21	135.44	146.30	144.89
20	AVG. REVENUE PER T. GALLONS SOLD (CENTS)	353.36	342.82	346.42	332.96	300.36
	UNMETERED GENERAL CUSTOMERS					
21	AVG. ANNUAL BILL PER CUSTOMER	-	-	-	-	-
22	AVG. CONSUMPTION PER CUSTOMER (T. GAL)	-	-	-	-	-
23	AVG. REVENUE PER T GALLONS SOLD (CENTS)	-	-	-	-	-
	WATER OPERATION AND MAINTENANCE EXPENSES					
24	SOURCE OF SUPPLY	$ 306,527	$ 260,828	$ 247,642	$ 278,375	$ 271,487
25	POWER AND PUMPING	2,465,823	2,435,398	2,722,049	2,891,558	2,843,976
26	PURIFICATION	549,096	662,120	497,350	553,842	529,701
27	TRANSMISSION AND DISTRIBUTION	2,116,269	1,982,317	1,683,320	1,819,018	1,828,266
28	CUSTOMERS ACCT'G & COLLECTING	1,445,220	1,347,489	1,306,914	708,454	748,392
29	ADMINISTRATIVE & GENERAL	3,635,162	3,186,869	2,745,452	3,368,021	2,681,112
30	TOTAL WATER O & M EXPENSES	$ 10,518,097	$ 9,875,021	$ 9,202,727	$ 9,619,268	$ 8,902,934

SPRING VALLEY WATER COMPANY, INCORPORATED
DISTRIBUTION OF WATER REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
REVENUES	$ 31,283,797	$ 30,244,321	$ 29,094,904	$ 28,608,257	$ 25,252,608	1
SALES (THOUSAND GALLONS)	7,706,981	7,633,117	7,144,773	7,538,930	7,338,508	2
DOLLAR AMOUNTS						
PURCHASED WATER, FUEL, OR POWER FOR PUMPING & CHEMICALS	$ 1,824,561	$ 1,832,625	$ 2,158,526	$ 2,479,271	$ 2,447,408	3
WAGES AND BENEFITS	3,796,491	3,110,587	2,986,564	2,757,011	2,724,264	4
OTHER OPERATION AND MAINTENANCE EXPENSES	4,897,045	4,931,809	4,057,637	4,382,986	3,731,262	5
DEPRECIATION AND MAINTENANCE EXPENSES	1,610,156	1,544,091	1,453,862	1,151,851	1,101,154	6
INCOME TAXES - OPERATING	3,713,000	3,872,800	3,450,000	3,127,600	2,225,600	7
OTHER TAXES - OPERATING	7,384,322	6,804,329	6,913,069	7,157,331	6,591,578	8
INTEREST CHARGES*	2,960,522	2,871,614	3,017,689	2,807,905	2,829,109	9
PREFERRED DIVIDENDS*	462,631	555,495	614,423	641,467	692,480	10
EARNINGS AVAILABLE FOR COMMON EQUITY	4,635,069	4,720,971	4,443,134	4,102,835	2,909,753	11
TOTAL	$ 31,283,797	$ 30,244,321	$ 29,094,904	$ 28,608,257	$ 25,252,608	12
PERCENT OF REVENUES						
PURCHASED WATER, FUEL OR POWER FOR PUMPING & CHEMICALS	5.8	6.1	7.4	8.7	9.7	13
WAGES AND BENEFITS	12.1	10.3	10.3	9.6	10.8	14
OTHER OPERATION AND MAINTENANCE EXPENSES	15.7	16.3	13.9	15.3	14.8	15
DEPRECIATION AND AMORTIZATION EXPENSES	5.1	5.1	5.0	4.0	4.4	16
INCOME TAXES - OPERATING	11.9	12.8	11.9	10.9	8.8	17
OTHER TAXES - OPERATING	23.6	22.5	23.8	25.0	26.1	18
INTEREST CHARGES*	9.5	9.5	10.4	9.8	11.2	19
PREFERRED DIVIDENDS*	1.5	1.8	2.1	2.2	2.7	20
EARNINGS AVAILABLE FOR COMMON EQUITY	14.8	15.6	15.3	14.3	11.5	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
CENTS PER THOUSAND GALLONS SOLD						
PURCHASED WATER, FUEL OR POWER FOR PUMPING & CHEMICALS	23.67	24.01	30.21	32.89	33.35	23
WAGES AND BENEFITS	49.26	40.75	41.80	36.57	37.12	24
OTHER OPERATION AND MAINTENANC EXPENSES	63.54	64.61	56.79	58.14	50.84	25
DEPRECIATION AND AMORTIZATION EXPENSES	20.89	20.23	20.35	15.28	15.01	26
INCOME TAXES - OPERATING	48.18	50.74	48.29	41.49	30.33	27
OTHER TAXES - OPERATING	95.81	89.14	96.76	94.94	89.82	28
INTEREST CHARGES*	38.41	37.62	42.24	37.25	38.55	29
PREFERRED DIVIDENDS*	6.00	7.28	8.60	8.51	9.44	30
EARNINGS AVAILABLE FOR COMMON EQUITY	60.14	61.85	62.19	54.42	39.65	31
TOTAL	405.92	396.23	407.22	379.47	344.11	32

*NET OF AFC

WANAKAH WATER COMPANY
COMPARATIVE BALANCE SHEETS AND STATEMENTS OF UTILITY PLANT
FOR THE YEARS ENDED DECEMBER 31

LINE NO.	ITEM	1987	1986	1985	1984	1983
	ASSETS AND OTHER DEBITS					
1	WATER PLANT	$ 2,695,432	$ 2,619,341	$ 2,546,037	$ 2,428,406	$ 2,326,592
2	ACCUM. PROV. FOR DEPR. & AMORT.	736,817	701,952	689,595	656,815	629,923
3	NET WATER PLANT	1,958,615	1,917,389	1,856,442	1,771,591	1,696,669
4	OTHER PHYSICAL PROPERTY	-	-	-	-	-
5	INVESTMENTS IN ASSOCIATED COMPANIES	-	-	-	-	-
6	OTHER INVESTMENTS AND FUNDS	-	-	-	-	-
7	TOTAL INVESTMENT AND FUND ACCOUNTS	-	-	-	-	-
8	CASH AND WORKING FUNDS	11,547	6,582	3,238	11,528	12,424
9	SPECIAL DEPOSITS	-	-	-	-	-
10	TEMPORARY CASH INVESTMENTS	-	-	-	-	-
11	NOTES & ACCTS. RECEIVABLE LESS ACCUM. PROV. FOR UNCOLLECTIBLE ACCOUNTS	124,425	120,699	128,895	117,724	103,308
12	RECEIVABLES - ASSOCIATED COMPANIES	-	-	-	-	-
13	MATERIALS AND SUPPLIES	17,434	18,403	21,181	16,095	17,703
14	PREPAYMENTS	59,715	56,779	51,897	43,104	41,215
15	OTHER CURRENT AND ACCRUED ASSETS	120,400	114,900	104,512	104,512	96,998
16	TOTAL CURRENT AND ACCRUED ASSETS	333,521	317,363	309,723	292,963	271,648
17	UNAMORTIZED DEBT EXPENSE	21,025	24,743	25,485	31,016	36,575
18	EXTRAORDINARY PROPERTY LOSSES	-	-	-	-	-
19	PREL. SURVEY & INVESTIGATION CHARGES	-	-	-	-	-
20	CLEARING ACCOUNTS	-	-	-	-	-
21	ACCUM. DEFERRED INCOME TAXES	-	-	-	-	-
22	OTHER DEFERRED DEBTTS	49,904	93,412	47,834	63,390	83,469
23	TOTAL DEFERRED DEBITS	70,929	118,155	73,319	94,406	120,044
24	TOTAL ASSETS AND OTHER DEBITS	$ 2,363,065	$ 2,352,907	$ 2,239,484	$ 2,158,960	$ 2,088,361
	WATER UTILITY PLANT					
25	PLANT IN SERVICE	$ 2,600,851	$ 2,551,885	$ 2,491,004	$ 2,410,574	$ 2,324,683
26	PLANT LEASED TO OTHERS	-	-	-	-	-
27	CONSTRUCTION WORK IN PROGRESS	93,289	66,164	53,741	16,540	617
28	PLANT HELD FOR FUTURE USE	1,292	1,292	1,292	1,292	1,292
29	PLANT ACQUISITION ADJUSTMENTS	-	-	-	-	-
30	OTHER PLANT ADJUSTMENTS	-	-	-	-	-
31	ACCUM. GAINS & LOSSES FROM DISP. OF UTILITY LAND & LAND RIGHTS	-	-	-	-	-
32	TOTAL WATER UTILITY PLANT	2,695,432	2,619,341	2,546,037	2,428,406	2,326,592
33	ACCUM. PROV. FOR DEPR. & AMORT.	736,817	701,952	689,595	656,815	629,923
34	NET WATER UTILITY PLANT	$ 1,958,615	$ 1,917,389	$ 1,856,442	$ 1,771,591	$ 1,696,669
	PLANT IN SERVICE:					
35	BEGINNING OF YEAR	$ 2,551,886	$ 2,491,004	$ 2,410,574	$ 2,324,684	$ 2,248,907
36	ADDITIONS	56,813	90,225	87,312	97,022	102,248
37	RETIREMENTS	7,848	29,033	6,882	11,132	26,471
38	TRANSFERS AND ADJUSTMENTS	-	310-	-	-	-
39	END OF YEAR	$ 2,600,851	$ 2,551,886	$ 2,491,004	$ 2,410,574	$ 2,324,684

WANAKAH WATER COMPANY
COMPARATIVE BALANCE SHEETS AND SELECTED BALANCE SHEET RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
			LIABILITIES AND OTHER CREDITS			
COMMON CAPITAL STOCK	$ 215,150	$ 215,150	$ 215,150	$ 215,150	$ 215,150	1
PREFERRED CAPITAL STOCK	-	-	-	-	-	2
STOCK LIABILITY FOR CONVERSION	-	-	-	-	-	3
PREMIUM ON CAPITAL STOCK	22,870	22,870	22,870	22,870	22,870	4
CAPITAL STOCK SUBSCRIBED	-	-	-	-	-	5
INSTALLMENTS RECEIVED ON CAPITAL STOCK	-	-	-	-	-	6
OTHER PAID-IN CAPITAL	100,000	100,000	100,000	100,000	100,000	7
CAPITAL STOCK EXPENSE	-	-	-	-	-	8
RETAINED EARNINGS	392,495	388,344	388,190	388,180	416,822	9
REACQUIRED CAPITAL STOCK	-	-	-	-	-	10
TOTAL PROPRIETARY CAPITAL	730,515	726,364	726,210	726,200	754,842	11
BONDS (LESS BONDS REACQUIRED)	1,360,875	1,325,875	1,010,000	1,015,000	1,020,000	12
ADVANCES FROM ASSOCIATED COMPANIES	-	-	-	-	-	13
OTHER LONG TERM DEBT	21,066	29,469	37,277	44,530	51,270	14
NET UNAMORTIZED DEBT PREMIUM - DISCOUNT	-	-	-	-	-	15
TOTAL LONG TERM DEBT	1,381,941	1,355,344	1,047,277	1,059,530	1,071,270	16
NOTES AND ACCOUNTS PAYABLE	15,666	20,089	245,835	113,728	66,996	17
PAYABLES TO ASSOCIATED COMPANIES	37,731	44,207	38,605	80,969	40,880	18
CUSTOMERS' DEPOSITS	2,975	3,950	2,875	3,150	3,775	19
TAXES ACCRUED	446	12,569-	13,408-	6,211-	11,379-	20
OTHER CURRENT AND ACCRUED LIABILITIES	12,503	25,971	38,609	36,944	26,015	21
TOTAL CURRENT AND ACCRUED LIABILITIES	69,321	81,648	312,516	228,580	126,287	22
CUSTOMER ADVANCES FOR CONSTRUCTION	3,535	3,535	618	-	-	23
ACCUM. DEFERRED INVESTMENT TAX CREDITS	89,612	91,628	92,598	89,130	83,101	24
OTHER DEFERRED CREDITS	-	-	-	-	-	25
ACCUMULATED DEFERRED INCOME TAXES						
ACCELERATED AMORIZATION	-	-	-	-	-	26
LIBERALIZED DEPRECIATION	-	-	-	-	-	27
OTHER	88,141	94,388	60,265	55,520	52,861	28
TOTAL DEFERRED CREDITS	181,288	189,551	153,481	144,650	135,962	29
OPERATING RESERVES	-	-	-	-	-	30
TOTAL LIABILITIES AND OTHER CREDITS	$ 2,363,065	$ 2,352,907	$ 2,239,484	$ 2,158,960	$ 2,088,361	31
			SELECTED BALANCE SHEET RELATIONSHIPS			
CURRENT ASSETS / CURRENT LIABILITIES	4.81	3.89	0.99	1.28	2.15	32
PERCENT OF CAPITALIZATION						
LONG TERM DEBT	65.4	65.1	59.0	59.3	58.6	33
PREFERRED STOCK	-	-	-	-	-	34
COMMON STOCK & OTHER PAID-IN CAPITAL	16.0	16.2	19.0	18.9	18.5	35
RETAINED EARNINGS	18.5	18.6	21.8	21.7	22.8	36
LONG-TERM DEBT % OF GROSS WATER PLANT	51.2	51.7	41.1	43.6	46.0	37
ACCUM. PROV. FOR DEPR. & AMORT. % OF WATER PLANT	27.3	26.7	27.0	27.0	27.0	38

WANAKAH WATER COMPANY
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	SOURCE OF FUNDS					
	INTERNAL:					
1	NET INCOME	$ 106,651	$ 94,154	$ 85,610	$ 78,331	$ 71,789
2	DEPRECIATION AND AMORTIZATIION	71,592	64,914	71,986	78,348	37,571
3	DEFERRED INCOME TAXES (NET)	8,263-	33,152	8,214	8,688	38,477
4	INTEREST CAPITALIZED	-	-	-	-	-
5	OTHER (NET)	-	-	-	-	-
6	SUBTOTAL	169,980	192,220	165,810	165,367	147,837
7	EXTRAORDINARY ITEMS	-	-	-	-	-
8	TOTAL FUNDS - INTERNAL SOURCES	169,980	192,220	165,810	165,367	147,837
9	LESS DIVIDENDS: PREFERRED	-	-	-	-	-
10	COMMON	102,500	94,000	85,600	106,973	55,939
11	NET FUNDS - INTERNAL SOURCES	67,480	98,220	80,210	58,394	91,898
	EXTERNAL:					
12	LONG TERM DEBT	35,000	925,875	-	-	400,000
13	PREFERRED STOCK	-	-	-	-	-
14	COMMON STOCK	-	-	-	-	-
15	NET INCREASE IN SHORT TERM DEBT	-	-	109,550	70,000	-
16	OTHER (NET)	-	-	-	-	-
17	TOTAL FUNDS - EXTERNAL SOURCES	35,000	925,875	109,550	70,000	400,000
	OTHER SOURCES:					
18	NET DECREASE IN WORKING CAPITAL	-	-	-	10,978	-
19	OTHER	17,748	2,299	1,618	-	-
20	TOTAL FUNDS PROVIDED	$ 120,228	$ 1,026,394	$ 191,378	$ 139,372	$ 491,898
	USES OF FUNDS					
	CONSTRUCTION EXPENDITURES					
21	WATER PLANT	$ 56,814	$ 90,225	$ 125,511	$ 112,946	$ 102,715
22	NON-UTILITY PLANT	-	-	-	-	-
23	OTHER	27,125	12,424	-	-	-
24	TOTAL CONSTRUCTION	83,939	102,649	125,511	112,946	102,715
25	LESS INTEREST CAPITALIZED	-	-	-	-	-
26	TOTAL EXCLUDING INTEREST CAPITALIZED	83,939	102,649	125,511	112,946	102,715
	RETIREMENT OF SECURITIES					
27	LONG TERM DEBT	-	610,000	5,000	5,000	154,000
28	PREFERRED STOCK	-	-	-	-	-
29	REDEMPTION OF CAPITAL STOCK	-	-	-	-	-
30	NET DECREASE IN SHORT TERM DEBT	-	209,000	-	-	180,000
31	OTHER (NET)	8,403	7,807	7,254	7,250	-
32	TOTAL RETIREMENT OF SECURITIES	8,403	826,807	12,254	12,250	334,000
	OTHER USES					
33	NET INCREASE IN WORKING CAPITAL	27,886	29,507	46,825	-	-
34	OTHER	-	67,431	6,788	14,176	55,183
35	TOTAL FUNDS APPLIED	$ 120,228	$ 1,026,394	$ 191,378	$ 139,372	$ 491,898

WANAKAM WATER COMPANY
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS AND SELECTED INCOME ACCOUNT RELATIONSHIPS
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
COMPARATIVE INCOME AND RETAINED EARNINGS STATEMENTS						
WATER OPERATING INCOME						
OPERATING REVENUES	$ 1,162,877	$ 1,112,177	$ 1,100,980	$ 1,037,186	$ 953,317	1
OPERATION AND MAINTENANCE EXPENSE	617,813	565,465	583,645	546,901	507,103	2
DEPRECIATION	42,216	40,928	39,661	38,024	37,571	3
AMORTIZATION	-	-	-	-	-	4
TAXES OTHER THAN INCOME TAXES	197,906	210,396	205,882	198,913	184,005	5
INCOME TAXES	55,497	54,934	43,978	38,327	41,748	6
TOTAL OPERATING EXPENSES	913,432	871,723	873,166	821,165	770,427	7
NET OPERATING REVENUES	249,445	240,454	227,814	216,021	182,890	8
INC. - LEASED PLANT	-	-	-	-	-	9
TOTAL WATER OPERATING INCOME	249,445	240,454	227,814	216,021	182,890	10
OTHER INCOME						
MERCH., JOBBING, & CONTRACT WORK	-	-	-	-	-	11
INCOME FROM NONUTILITY OPERATIONS	-	-	-	-	-	12
NONOPERATING RENTAL INCOME	-	-	-	-	-	13
INTEREST AND DIVIDEND INCOME	-	-	-	62	215	14
ALLOWANCE FOR CONSTRUCTION FUNDS	-	-	-	-	-	15
MISCELLANEOUS NONOPERATING INCOME	483	502	1,057	663	4,535	16
GAIN ON DISPOSITION OF PROPERTY	-	-	-	-	-	17
TOTAL OTHER INCOME	483	502	1,057	725	4,750	18
TOTAL INCOME	249,928	240,956	228,871	216,746	187,640	19
OTHER INCOME DEDUCTIONS						
LOSS ON DISPOSITION OF PROPERTY	-	-	-	-	-	20
MISCELLANEOUS AMORTIZATION	-	-	-	-	-	21
MISCELLANEOUS DEDUCTIONS	1,474	-	479	1,065	725	22
TAXES OTHER THAN INC. TAXES-NONOPERATING	-	-	-	-	-	23
INCOME TAXES-NONOPERATING	-	-	-	-	-	24
TOTAL INCOME DEDUCTIONS	1,474	-	479	1,065	725	25
INCOME BEFORE INTEREST CHARGES	248,454	240,956	228,392	215,681	186,915	26
INTEREST CHARGES						
INTEREST ON LONG-TERM DEBT	130,378	103,089	116,991	117,930	78,134	27
AMORT. OF DEBT DISCOUNT EXPENSE	4,387	5,073	5,532	5,559	3,551	28
AMORT. OF PREMIUM ON DEBT-CREDIT	-	-	-	-	-	29
INTEREST ON DEBT TO ASSOCIATED COMPANIES	-	-	-	-	-	30
OTHER INTEREST CHARGES	7,038	38,640	20,259	13,861	33,441	31
TOTAL INTEREST CHARGES	141,803	146,802	142,782	137,350	115,126	33
EXTRAORDINARY ITEMS - NET	-	-	-	-	-	33
NET INCOME	$ 106,651	$ 94,154	$ 85,610	$ 78,331	$ 71,789	34
RETAINED EARNINGS						
BEGINNING OF YEAR	$ 388,344	$ 388,190	$ 388,180	$ 416,822	$ 400,972	35
TRANSFERRED FROM INCOME	106,651	94,154	85,610	78,331	71,789	36
APPROPRIATIONS	-	-	-	-	-	37
DIVIDENDS DECLARED-PREFERRED STOCK	-	-	-	-	-	38
-COMMON STOCK	102,500	94,000	85,600	106,973	55,939	39
ADJUSTMENTS	-	-	-	-	-	40
BALANCE END OF YEAR	392,495	388,344	388,190	388,180	416,822	41
APPROPRIATED RETAINED EARNINGS	-	-	-	-	-	42
TOTAL END OF YEAR	$ 392,495	$ 388,344	$ 388,190	$ 388,180	$ 416,822	43
SELECTED INCOME ACCOUNT RELATIONSHIPS						
NET INCOME - % OF OPERATING REVENUES	9.1	8.4	7.7	7.5	7.5	45
PRETAX COVERAGE OF INTEREST EXPENSE	2.1	2.0	1.9	1.8	2.0	44
COMMON STOCK DIVIDENDS AS A % OF EARNINGS	96.1	99.8	99.9	136.5	77.9	46
RETURN ON COMMON EQUITY	14.6	12.9	11.7	10.5	9.6	47

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WANAKAH WATER COMPANY
COMPARATIVE STATEMENTS OF REVENUE AND OPERATION AND MAINTENANCE
FOR THE YEARS ENDED DECEMBER 31

LINE NO	ITEM	1987	1986	1985	1984	1983
	WATER OPERATING REVENUES					
	REVENUES:					
1	METERED SALES TO GENERAL CUSTOMERS	$ 1,018,211	$ 971,428	$ 964,118	$ 906,119	$ 839,683
2	UNMETERED SALES TO GENERAL CUSTOMERS	-	-	-	-	-
3	SALES TO OTHER WATER COMPANIES	-	-	-	-	-
4	OTHER SALES OF WATER	135,203	129,958	125,484	122,706	105,412
5	TOTAL REVENUES FROM SALES OF WATER	1,153,414	1,101,386	1,089,602	1,028,825	945,095
6	OTHER WATER OPERATING REVENUES	9,463	10,791	11,378	8,361	8,222
7	TOTAL WATER OPERATING REVENUES	$ 1,162,877	$ 1,112,177	$ 1,100,980	$ 1,037,186	$ 953,317
	WATER SALES (T GALLONS)					
8	METERED SALES TO GENERAL CUSTOMERS	267,679	261,256	259,635	264,379	271,217
9	UNMETERED SALES TO GENERAL CUSTOMERS	-	-	-	-	-
10	SALES TO OTHER WATER COMPANIES	-	-	-	-	-
11	OTHER SALES OF WATER	-	-	-	-	-
12	TOTAL SALES OF WATER	267,679	261,256	259,635	264,379	271,217
	AVERAGE CUSTOMERS PER MONTH					
13	METERED SALES TO GENERAL CUSTOMERS	3,575	3,535	3,509	3,502	3,502
14	UNMETERED SALES TO GENERAL CUSTOMERS	-	-	-	-	-
15	SALES TO OTHER WATER COMPANIES	-	-	-	-	-
16	OTHER SALES OF WATER	9	7	7	8	8
17	TOTAL CUSTOMERS	3,584	3,542	3,516	3,510	3,510
	WATER OPERATING REVENUE RELATIONSHIPS					
	METERED GENERAL CUSTOMERS					
18	AVG. ANNUAL BILL PER CUSTOMER	$ 284.81	$ 274.80	$ 274.75	$ 258.74	$ 239.77
19	AVG. CONSUMPTION PER CUSTOMER (T. GAL.)	74.87	73.90	73.99	75.49	77.44
20	AVG. REVENUE PER T. GALLONS SOLD (CENTS)	380.39	371.83	371.34	342.73	309.60
	UNMETERED GENERAL CUSTOMERS					
21	AVG. ANNUAL BILL PER CUSTOMER	-	-	-	-	-
22	AVG. CONSUMPTION PER CUSTOMER (T. GAL.)	-	-	-	-	-
23	AVG. REVENUE PER T.GALLONS SOLD(CENTS)	-	-	-	-	-
	WATER OPERATION AND MAINTENANCE EXPENSES					
24	SOURCE OF SUPPLY	$ 6,268	$ 9,572	$ 7,432	$ 7,995	$ 6,346
25	POWER AND PUMPING	80,030	73,209	68,396	72,680	73,947
26	PURIFICATION	82,058	65,792	72,205	64,789	61,875
27	TRANSMISSION AND DISTRIBUTION	147,448	143,919	135,126	104,921	90,311
28	CUSTOMERS ACCT'G & COLLECTING	46,140	44,193	46,186	39,639	39,552
29	ADMINISTRATIVE & GENERAL	255,869	228,780	254,300	255,877	235,072
30	TOTAL WATER O & M EXPENSES	$ 617,813	$ 565,465	$ 583,645	$ 545,901	$ 507,103

WANAKAH WATER COMPANY
DISTRIBUTION OF WATER REVENUES
FOR THE YEARS ENDED DECEMBER 31

ITEM	1987	1986	1985	1984	1983	LINE NO
REVENUES	$ 1,162,877	$ 1,112,177	$ 1,100,980	$ 1,037,186	$ 953,317	1
SALES (THOUSAND GALLONS)	267,679	261,256	259,635	264,379	271,217	2
DOLLAR AMOUNTS						
PURCHASED WATER, FUEL, OR POWER FOR PUMPING & CHEMICALS	$ 14,090	$ 65,532	$ 56,458	$ 57,173	$ 51,594	3
WAGES AND BENEFITS	288,708	246,497	254,504	251,748	241,018	4
OTHER OPERATION AND MAINTENANCE EXPENSES	315,015	253,436	272,683	236,980	214,491	5
DEPRECIATION AND MAINTENANCE EXPENSES	42,216	40,928	39,661	38,024	37,571	6
INCOME TAXES - OPERATING	55,497	54,934	43,978	38,327	41,748	7
OTHER TAXES - OPERATING	197,906	210,396	205,882	198,913	184,005	8
INTEREST CHARGES*	141,803	146,802	142,782	137,350	115,126	9
PREFERRED DIVIDENDS*	-	-	-	-	-	10
EARNINGS AVAILABLE FOR COMMON EQUITY	107,642	93,652	85,032	78,671	67,764	11
TOTAL	$ 1,162,877	$ 1,112,177	$ 1,100,980	$ 1,037,186	$ 953,317	12
PERCENT OF REVENUES						
PURCHASED WATER, FUEL OR POWER FOR PUMPING & CHEMICALS	1.2	5.9	5.1	5.5	5.4	13
WAGES AND BENEFITS	24.8	22.2	23.1	24.3	25.3	14
OTHER OPERATION AND MAINTENANCE EXPENSES	27.1	22.8	24.8	22.8	22.5	15
DEPRECIATION AND AMORTIZATION EXPENSES	3.6	3.7	3.6	3.7	3.9	16
INCOME TAXES - OPERATING	4.8	4.9	4.0	3.7	4.4	17
OTHER TAXES - OPERATING	17.0	18.9	18.7	19.2	19.3	18
INTEREST CHARGES*	12.2	13.2	13.0	13.2	12.1	19
PREFERRED DIVIDENDS*	-	-	-	-	-	20
EARNINGS AVAILABLE FOR COMMON EQUITY	9.3	8.4	7.7	7.6	7.1	21
TOTAL	100.0	100.0	100.0	100.0	100.0	22
CENTS PER THOUSAND GALLONS SOLD						
PURCHASED WATER, FUEL OR POWER FOR PUMPING & CHEMICALS	5.26	25.08	21.75	21.63	19.02	23
WAGES AND BENEFITS	107.86	94.35	98.02	95.22	88.87	24
OTHER OPERATION AND MAINTENANC EXPENSES	117.68	97.01	105.03	89.64	79.08	25
DEPRECIATION AND AMORTIZATION EXPENSES	15.77	15.67	15.28	14.38	13.85	26
INCOME TAXES - OPERATING	20.73	21.03	16.94	14.50	15.39	27
OTHER TAXES - OPERATING	73.93	80.53	79.30	75.24	67.84	28
INTEREST CHARGES*	52.98	56.19	54.99	51.95	42.45	29
PREFERRED DIVIDENDS*	-	-	-	-	-	30
EARNINGS AVAILABLE FOR COMMON EQUITY	40.21	35.85	32.75	29.76	24.99	31
TOTAL	434.43	425.70	424.05	392.31	351.50	32

*NET OF AFC

WATER

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Armstrong Telephone Company	202A	202B	202C	202D	202E	202F
AT&T Communications of New York, Inc.	203A	203B	203C	203D	203E	203F
Ausable Valley Telephone Company, Inc.	204A	204B	204C	204D	204E	204F
Berkshire Telephone Corp.	205A	205B	205C	205D	205E	205F
Brooklyn Union Gas Company, The	101A	101B	102C	102D	102E	102F
Cassadaga Telephone Corp.	206A	206B	206C	206D	206E	206F
Central Hudson Gas & Electric Corp. Electric Service	1A	1B	1C	1D	1E	1F
Central Hudson Gas & Electric Corp. Gas Service	102A	102B	102C	102D	102E	102F
Champlain Telephone Company, The	207A	207B	207C	207D	207E	207F
Chautauqua & Erie Telephone Corp.	208A	208B	208C	208D	208E	208F
Chazy & Westport Telephone Corp.	209A	209B	209C	209D	209E	209F
Citizens Telephone Company of Hammond, N.Y., Inc.	210A	210B	210C	210D	210E	210F
Citizens Water-Supply Co. of Newtown, The	301A	301B	301C	301D	301E	301F
Clymer Telephone Co., Inc.	211A	211B	211C	211D	211E	211F
Columbia Gas of New York, Inc.	103A	103B	103C	103D	103E	103F
Consolidated Edison Company of New York, Inc. – Electric Service	2A	2B	2C	2D	2E	2F
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Continental Telephone Company of New York, Inc.	212A	212B	212C	212D	212E	212F
Corning Natural Gas Corp.	105A	105B	105C	105D	105E	105F
Country Knolls Water Works, Inc.	302A	302B	302C	302D	302E	302F
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Delhi Telephone Company	214A	214B	214C	214D	214E	214F
Deposit Telephone Company, Inc.	215A	215B	215C	215D	215E	215F
Dunkirk & Fredonia Telephone Company	216A	216B	216C	216D	216E	216F
Edwards Telephone Company	217A	217B	217C	217D	217E	217F
Empire Telephone Corporation	218A	218B	218C	218D	218E	218F
Fishers Island Telephone Corporation, The	219A	219B	219C	219D	219E	219F
Germantown Telephone Company, Inc.	220A	220B	220C	220D	220E	220F
Hancock Telephone Company, The	221A	221B	221C	221D	221E	221F
Highland Telephone Company	222A	222B	222C	222D	222E	222F
Jamaica Water Supply Company	303A	303B	303C	303D	303E	303F
Long Island Lighting Company Electric Service	3A	3B	3C	3D	3E	3F
Long Island Lighting Company Gas Service	106A	106B	106C	106D	106E	106F
Long Island Water Corp.	304A	304B	304C	304D	304E	304F
Margaretville Telephone Co., Inc.	223A	223B	223C	223D	223E	223F
Middleburgh Telephone Company, The	224A	224B	224C	224D	224E	224F
National Fuel Gas Distribution Corp.	107A	107B	107C	107D	107E	107F
Newport Telephone Company, Inc.	225A	225B	225C	225D	225E	225F
New Rochelle Water Company, Inc.	305A	305B	305C	305D	305E	305F
New York-American Water Company, Inc.	306A	306B	306C	306D	306E	306F

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New York State Electric & Gas Corp. Gas Service	108A	108B	108C	108D	108E	108F
New York Telephone Company	226A	226B	226C	226D	226E	226F
New York Water Service Corp.	307A	307B	307C	307D	307E	307F
Niagara Mohawk Power Corp. Electric Service	5A	5B	5C	5D	5E	5F
Niagara Mohawk Power Corp. Gas Service	109A	109B	109C	109D	109E	109F
Nicholville Telephone Company, Inc.	227A	227B	227C	227D	227E	227F
Ogden Telephone Company	228A	228B	228C	228D	228E	228F
Oneida County Rural Telephone Company	229A	229B	229C	229D	229E	229F
Ontario Telephone Company, Inc.	230A	230B	230C	230D	230E	230F
Orange and Rockland Utilities, Inc. Electric Service	6A	6B	6C	6D	6E	6F
Orange and Rockland Utilities, Inc. Gas Service	110A	110B	110C	110D	110E	110F
Owego WaterWorks	308A	308B	308C	308D	308E	308F
Pattersonville Telephone Company	231A	231B	231C	231D	231E	231F
Port Byron Telephone Company	232A	232B	232C	232D	232E	232F
Rochester Gas & Electric Corp. Electric Service	7A	7B	7C	7D	7E	7F
Rochester Gas & Electric Corp. Gas Service	111A	111B	111C	111D	111E	111F
Rochester Telephone Corp.	233A	233B	233C	233D	233E	233F
St. Lawrence Gas Company, Inc.	112A	112B	112C	112D	112E	112F
Sea Cliff Water Company	309A	309B	309C	309D	309E	309F
Seneca-Gorham Telephone Corp.	234A	234B	234C	234D	234E	234F
Sherwood Water Corp.	310A	310B	310C	310D	310E	310F
Spring Valley Water Company, Inc.	311A	311B	311C	311D	311E	311F
State Telephone Company	235A	235B	235C	235D	235E	235F
Sylvan Lake Telephone Company, Inc.	236A	236B	236C	236D	236E	236F
Syracuse Suburban Gas Company, Inc.	113A	113B	113C	113D	113E	113F
Taconic Telephone Corp.	237A	237B	237C	237D	237E	237F
Township Telephone Company, Inc.	238A	238B	238C	238D	238E	238F
Trumansburg Home Telephone Company	239A	239B	239C	239D	239E	239F
Vernon Telephone Company, Inc.	240A	240B	240C	240D	240E	240F
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